

# Detailed Analysis of Each Provision

The degree of success in customer service varies depending upon the Commitment provision and the Airline. This section will discuss each Commitment provision and our test results for each Airline and non-ATA airline, where applicable, under the provision. The following description and analysis of each provision in the Commitment is based on:

- Our visits to the Headquarters of the 14 ATA Airlines and 3 non-ATA airlines.
- Review of the 14 Airlines' Plans and contracts of carriage.
- Review of the 14 Airlines' and 3 non-ATA airlines' implementing customer service policies and procedures.
- Review of the Federal regulations pertinent to selected provisions in the Plans.

The analysis is also based on our final observations and tests of the Airlines' and non-ATA airlines' customer service operations at 39 airports nationwide. Our observations and tests were conducted during morning, afternoon, and evening operations and covered every day of the week. Certain tests for selected Commitment provisions were conducted at the Airlines' and non-ATA airlines' corporate facilities (e.g., testing Airline compliance with ticket refund requirements). Results of testing were discussed with the Airlines and non-ATA airlines.

Our testing of five provisions (offer lowest available fare, on-time baggage delivery, allow reservations to be held or canceled, provide prompt ticket refunds, and be more responsive to customer complaints) was based on statistical sampling. For these provisions, we have provided the statistical range at the 90 percent confidence level, as well as the best point estimate. The best point estimates are our actual test results based on the statistical sample reviewed. In the case of mishandled baggage, our results were stratified based on the number of bags at the particular airport where testing was conducted. For those provisions where we did not use statistical sampling, we simply provided our test results.

We have also included the results from the OIG's Internet site on-line surveys for reporting incidents on accommodating the needs of air travelers with disabilities and special needs.

## ***Offer the Lowest Fare Available***

**What Was Promised** — The Airlines committed to offer the lowest fare available for which the customer is eligible on the Airline's telephone reservation system for the date, flight and class of service requested. The Airlines, for the most part, considered this a pre-existing operating policy, which was part of the reservation agents' training curriculum before the Commitment. The non-ATA airlines will offer the lowest fare available for which the customer is eligible as part of their existing customer service policies.

**What Was Not Promised** — The Airlines did not commit to guaranteeing the customer that the quoted fare is the lowest fare the Airline has to offer. Lower fares are available through the Airlines' Internet sites that are not available through the Airlines' telephone reservation systems. Also, the Airlines did not commit to always offer the lowest fare for reservations made or tickets purchased at the Airlines' airport customer service counters or city ticket offices. However, two Airlines (American Trans Air and US Airways), in their Plans, offer the lowest fare for reservations made at their city ticket offices or airport customer service counters. Since we issued our Interim Report, Continental now offers the lowest fare for reservations made at its city ticket offices and airport customer service counters.

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## ***Final Observations: Airlines Achieved High Levels of Compliance Offering the Lowest Fare Available From the Telephone Reservation System***

Overall, the Airlines' and non-ATA airlines' telephone reservation agents offered us the lowest fare available for which we were eligible between 88 and 100 percent of the time when we had a fixed travel itinerary (as to time and day), with 12 Airlines and the 3 non-ATA airlines performance levels between 95 and 100 percent. When our travel itinerary was more flexible (any time or day during the week), the performance levels slightly dropped. Nine Airlines and one non-ATA airline offered us the lowest fare between 90 and 100 percent of the time. The remaining five Airlines and two non-ATA airlines offered us the lowest fare between 71 and 88 percent of the time.

In those cases in which the lowest fare was not offered, significant differences existed between the fares quoted by the telephone reservation agents and the fares shown in their computer reservation systems. For example, we were quoted \$1,877 for a round-trip ticket from Los Angeles to Dallas, when the listed fare was

\$1,139, a difference of \$738. There were a sufficient number of cases in which the lowest fare was not offered to warrant that the Airlines and non-ATA airlines continue to pay special attention to this area.

Also, test results from a related OIG review<sup>16</sup> found that not all the Airlines disclosed that lower fares may be available through other distribution outlets, making it incumbent on the customer to know that lower price alternatives may be available. The potential difference to the customer could be significant: lowest fares offered us by the Airlines' telephone reservation agents were significantly different than the fares offered on their Internet sites. For example, we were quoted \$1,791 for a round-trip ticket from Newark to New Orleans when the Internet site offered a deep-discounted fare of \$140, a difference of \$1,651.

To help eliminate this problem, effective October 20, 2000, DOT now requires all air carriers to notify consumers seeking the lowest fare for a flight that the lowest fare may be available only over the Internet.

## **Reservation Agents Usually Offered Us the Lowest Fare**

We tested this provision using two scenarios. In Scenario 1, we called the Airlines' and non-ATA airlines' telephone reservation systems and requested a round-trip reservation with a fixed itinerary (specific date and flight) on the outbound segment and a flexible itinerary (as to time of day) on the return segment with a 7-day and 21-day advanced purchase. In Scenario 2, we called the Airlines' and non-ATA airlines' telephone reservation systems and said we were very flexible with our flight plans, and that we were willing to travel any day during the week, at any time during the day, and simply wanted the lowest available fare for that city-pair<sup>17</sup> (e.g., Los Angeles to New York). To determine whether we were offered the lowest fares for Scenarios 1 and 2, we made the test calls from one of the Airline's telephone reservation centers in the presence of telephone reservation personnel, who simultaneously verified the fare selections on their own systems.

Results of our testing varied between the two scenarios, with the Airlines and non-ATA airlines scoring higher when our travel itinerary was fixed than when it was flexible. Under Scenario 1 (fixed itinerary), the Airlines and non-ATA airlines offered us the lowest fare at least 88 percent of the time. Under Scenario 2

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<sup>16</sup> As required under DOT and Related Agencies Appropriations Act, 2000, OIG is reviewing the extent to which barriers exist to consumer access to comparative price and service information from independent sources on the purchase of air transportation. Preliminary results from this review were provided in a hearing before the Senate Committee on Commerce, Science and Technology on July 20, 2000 (Report Number CR-2000-11).

<sup>17</sup> City-pairs tested for Scenarios 1 and 2 were statistically sampled from the Official Airline Guide.

(flexible itinerary), the Airlines and non-ATA airlines offered us the lowest fare at least 71 percent of the time. This occurred because a flexible travel itinerary requires telephone reservation agents to do more research in order to find the lowest fare available. There was a sufficient percentage of time in which the lowest fare was not offered for a flexible itinerary to warrant that the five Airlines and two non-ATA airlines that offered us the lowest fare less than 90 percent of the time should pay special attention to this area. Results of our tests follow.

Sample test results for Scenario 1 show that telephone reservation agents for all 14 Airlines offered us the lowest fare between 88 and 100 percent of the time, with 13 of 14 Airlines' performance levels between 94 and 100 percent. The 3 non-ATA airlines offered us the lowest fare available 100 percent of the time. Lower and upper confidence limits, based on our projections, are listed in the following table for each Airline and non-ATA airline.

***Statistical Projections  
Percentage of Time the Lowest Fare Was Offered  
Scenario 1 – Fixed Itinerary***

<b>Airline</b>	<b>Lower Limit</b>	<b>Sample Results</b>	<b>Upper Limit</b>
Alaska	91	97	100
Aloha*	n/a	88	n/a
American	89	96	99
American Trans Air	94	99	100
America West	87	94	98
Continental	93	99	100
Delta	97	100	100
Hawaiian*	n/a	96	n/a
Midwest Express	92	97	99
Northwest	97	100	100
Southwest	97	100	100
Trans World	97	100	100
United	89	96	99
US Airways	93	99	100
<b>Non-ATA Airline</b>			
AirTran	96	100	100
Frontier	95	100	100
National	95	100	100

\*We were unable to project their sample results at a 90 percent confidence level.

Sample test results for Scenario 2 show that telephone reservation agents for nine Airlines and one non-ATA airline offered the lowest fare between 90 and 100 percent of the time. The remaining five Airlines and two non-ATA airlines offered us the lowest fare between 71 and 88 percent of the time. Lower and upper confidence limits, based on our projection to the sample results, are listed in the following table for each Airline and non-ATA airline.

***Statistical Projections***  
***Percentage of Time the Lowest Fare Was Offered***  
***Scenario 2 – Flexible Itinerary***

<b>ATA Airline</b>	<b>Lower Limit</b>	<b>Sample Results</b>	<b>Upper Limit</b>
Alaska	82	88	95
Aloha*	n/a	73	n/a
American	89	96	99
American Trans Air	98	100	100
America West	73	81	88
Continental	61	71	80
Delta	91	97	99
Hawaiian*	n/a	92	n/a
Midwest Express	95	99	100
Northwest	93	99	100
Southwest	97	100	100
Trans World	86	93	97
United	80	88	94
US Airways	87	94	98
<b>Non-ATA Airline</b>			
AirTran	96	100	100
Frontier	73	81	88
National	78	88	95

\*We were unable to project their sample results at the 90 percent confidence level.

Although the Airlines and non-ATA airlines achieved relatively high levels of compliance during our testing, we did find there can be significant differences between the fares quoted by the Airlines' and non-ATA airlines' telephone reservation agents and the fares listed in the computer reservation systems. The differences between the quoted fares and listed fares ranged from \$20 to \$738, and occurred when testing both fixed and flexible travel itineraries. The following table highlights examples of differences in fares quoted by the Airlines' and non-ATA airlines' telephone reservation agents and the fares listed in their computer reservation systems.

***Differences in Fares Quoted by the Telephone Reservation Agents and Listed in the Airlines' Computer Reservation Systems (CRS)***

City-Pair	Quoted Fare	CRS Fare	Difference from Quoted Fare
Los Angeles/Dallas	\$1,877.00	\$1,139.00	\$738.00
Tokyo/Honolulu	\$2,088.26	\$1,382.26	\$706.00
Chicago/Boston	\$1,494.50	\$868.00	\$626.50
Miami/Baltimore	\$473.00	\$206.00	\$267.00
Orange County, CA/Portland, OR	\$523.00	\$262.00	\$261.00
Ottawa/Boston	\$464.90	\$256.00	\$208.90
Miami/Detroit	\$310.00	\$178.00	\$132.00
Greenville/Spartanburg/Raleigh/Durham	\$319.69	\$208.50	\$111.19
Columbus/Chicago	\$297.00	\$191.00	\$106.00
Baltimore/Atlanta	\$184.50	\$91.50	\$93.00

Although this provision applies only to consumers that call the Airlines' telephone reservation systems, there *may be* and *often are* lower fares available on Airlines' Internet sites. Our Interim Report recommended that the Airlines' telephone reservation agents affirmatively disclose that the consumer may find lower fares through other distribution systems, such as the Airlines' Internet sites. On October 20, 2000, DOT issued an order requiring that this be done, and in general all the Airlines and non-ATA airlines responded accordingly.

**Contracts of Carriage** — We found that 11 Airlines' contracts of carriage included the Commitment provision to offer the lowest fare available for which the customer is eligible on the Airline's telephone reservation system for the date, flight and class of service requested, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental		✓
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

Three Airlines did not include the provision in their contracts of carriage. For example, Continental excluded the provision based on its view that no contractual

relationship exists with a customer until a ticket is actually purchased. The majority of the Airlines do not share this view.

We also found that the terms in the contract of carriage for Delta were more restrictive than the Commitment provision. Delta's contract of carriage limited the benefit to passengers for *travel* within the United States, but the Commitment provision does not make this distinction.

**Recommendation** — *Airlines that have not already done so, offer the lowest fare available for reservations made, not just through Airline telephone reservations systems, but for reservations made at the Airlines' city ticket offices and airport customer service counters.*

## ***Notify Customers of Known Delays, Cancellations, and Diversions***

**What Was Promised** — The Airlines committed to notify customers at the airport and on-board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations, and diversions. In addition, each Airline would establish and implement policies for accommodating passengers delayed overnight. A clear and concise statement of Airlines' policies in these respects would also be made available to customers. This provision is encompassed by either pre-existing operating policies or a pre-existing Federal regulation.



AMSTERDAM	6:50	DELAYED
CHARLOTTE	7:00	DELAYED
CINCINNATI	7:45	CANCELLED
COLUMBUS	7:55	ON TIME
DENVER	8:05	DELAYED
FRANKFURT	8:45	CANCELLED
HONG KONG	9:10	CANCELLED
LOS ANGELES	9:35	ON TIME
MINNEAPOLIS	10:15	DELAYED
NEWARK	10:35	CANCELLED
NEW ORLEANS	12:15	DELAYED
NEW YORK	11:05	ON TIME
SAN FRANCISCO	12:44	ON TIME

**What Was Not Promised** — The Airlines did not commit to notifying customers, prior to their arrival at the airport, of known delays, cancellations, and diversions. The Airlines also did not commit to providing accommodations for passengers delayed overnight regardless of the reason for the delay. Further, the provision does not require the Airlines to establish goals for reducing the number of delays and cancellations, which are the largest source of air traveler dissatisfaction.

**Complaint Data Reported by DOT** — Over the last 2 years, DOT's Air Travel Consumer Report has ranked flight problems (delays, cancellations and missed connections) as the number 1 complaint out of 11 complaint categories reported. Complaints relating to flight problems more than doubled in 1999 over the prior year, from 2,552 to 7,107. For 2000, flight problem complaints were again the highest ranking air traveler complaint, increasing 30 percent compared to 1999, from 7,107 to 9,235.



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## ***Final Observations: Information About Known Flight Delays and Cancellations Was Frequently Untimely and Inadequate, and the Airlines' Obligations for Accommodating Passengers Delayed Overnight Needs to Be Clarified***

Despite the improvements that have been made to keep passengers informed, both since the Commitment was signed and since our Interim Report, we continued to find that information being provided about known delays and cancellations at airport check-in counters and in the boarding areas was frequently untimely and inadequate. Getting untimely and inadequate information about flight delays and cancellations is still one of the most frustrating experiences for air travelers.

Another frustrating experience for air travelers occurs when flight delays and cancellations result in an overnight stay, usually at the expense of the air traveler. All Airlines' Plans, except two, stated the Airlines will provide food, lodging or transportation, if the cause of the delay was within their control, and the Airlines define what is meant by within their control. However, the policies are ambiguous, vary among the Airlines, and appear to go beyond the explicit terms in the Airlines' contracts of carriage for accommodating passengers delayed overnight.

An equally unpleasant experience for air travelers occurs when flights are chronically delayed and/or canceled month after month. Chronically delayed and/or canceled flights are those *regularly scheduled flights*<sup>18</sup> that, at least 80 percent of the time, arrived at least 15 minutes later than scheduled and/or were canceled during a *single calendar month*. Our analysis of the Bureau of Transportation Statistics (BTS) data found that the number of chronically delayed and/or canceled flights increased from 8,348 to 40,868 (390 percent) between 1999 and 2000. Although the Commitment provision does not require the Airlines to establish targets for reducing the number of delayed and/or canceled flights, the Commitment provision should be modified to require that the Airlines affirmatively provide the consumer, at the time of booking, full disclosure on flights that are chronically delayed and/or canceled.

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<sup>18</sup> A regularly scheduled flight is a flight segment representing a city-pair e.g. Chicago to Miami.

## **Despite the Progress Made, the Airlines Need to Do More on Providing Accurate, Timely, and Adequate Information During Flight Delays**

From May through December 2000, we observed nearly 550 flight delays at over 39 airports nationwide.<sup>19</sup> With the assistance of FAA, the Airlines' and non-ATA airlines' operation centers, and air carrier employees at the airports, we were able to identify developing delays and observe flights from the very earliest stages of the delays.

When observing flight delays, *we focused our attention on three primary areas:* (1) accuracy of a flight's status posted on the flight information display system monitors (monitors); (2) frequency of announcements in the boarding area; and (3) adequacy of information provided the passengers on the status of the flight delay, including the reason for the delay.

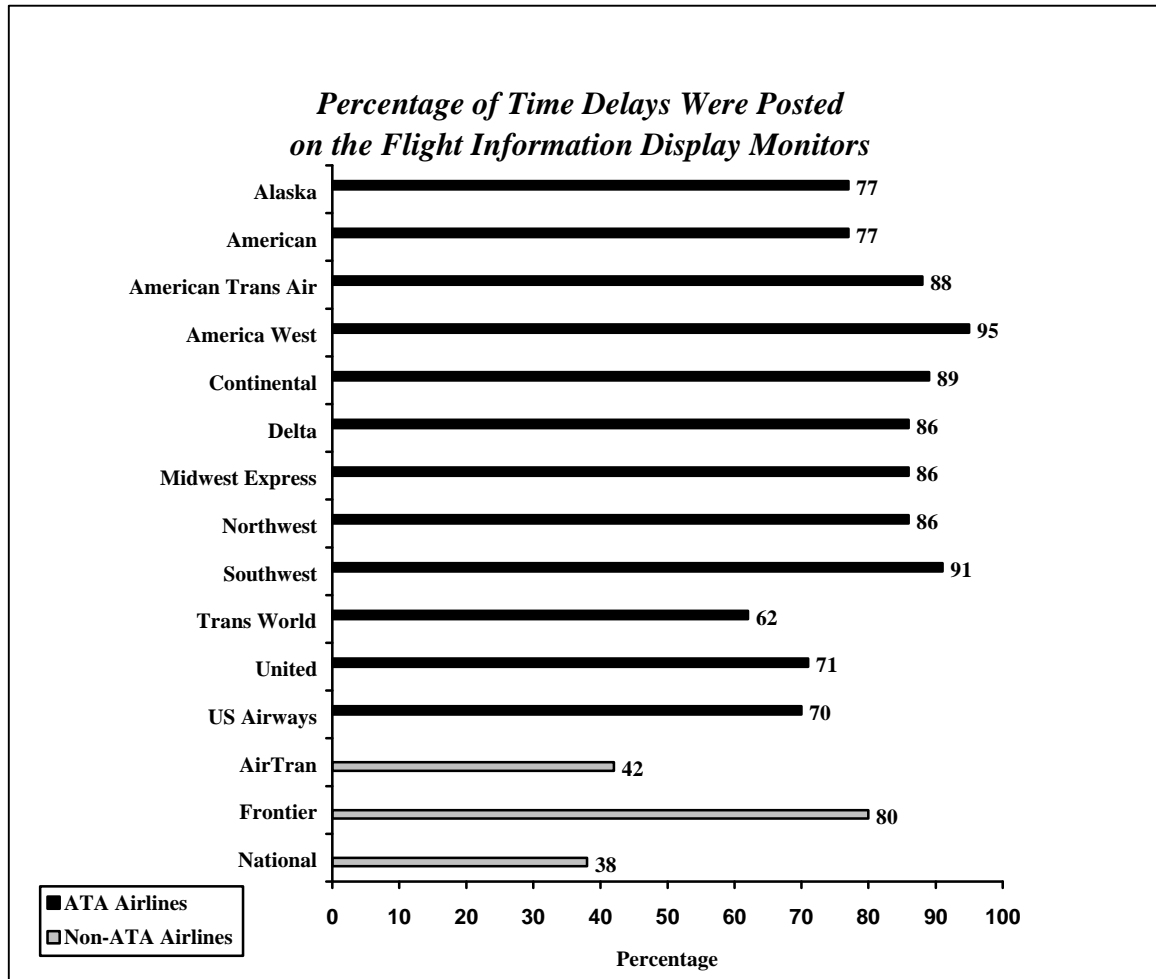
During many of our observations, we found information on flight delays was effectively communicated by the Airlines' and non-ATA airlines' employees. For example, during a 4 hour delay for a flight from Orlando to Newark, we found that the (1) delay information was updated in real-time on monitors located throughout the airport, (2) Airlines' gate agents were making timely announcements regarding the status every 25 minutes, and (3) best known information about the delay, including the cause (severe thunderstorms in Orlando suspending inbound/outbound service at the airport) was provided to the passengers being affected. Passengers were told when the next announcement would be made so that they could move about the airport without having to worry about missing the next delay update.

We also found that the level of performance in notifying passengers about known delays was significantly higher at the Airlines' and non-ATA airlines' Hub airports than at their non-Hub airports.

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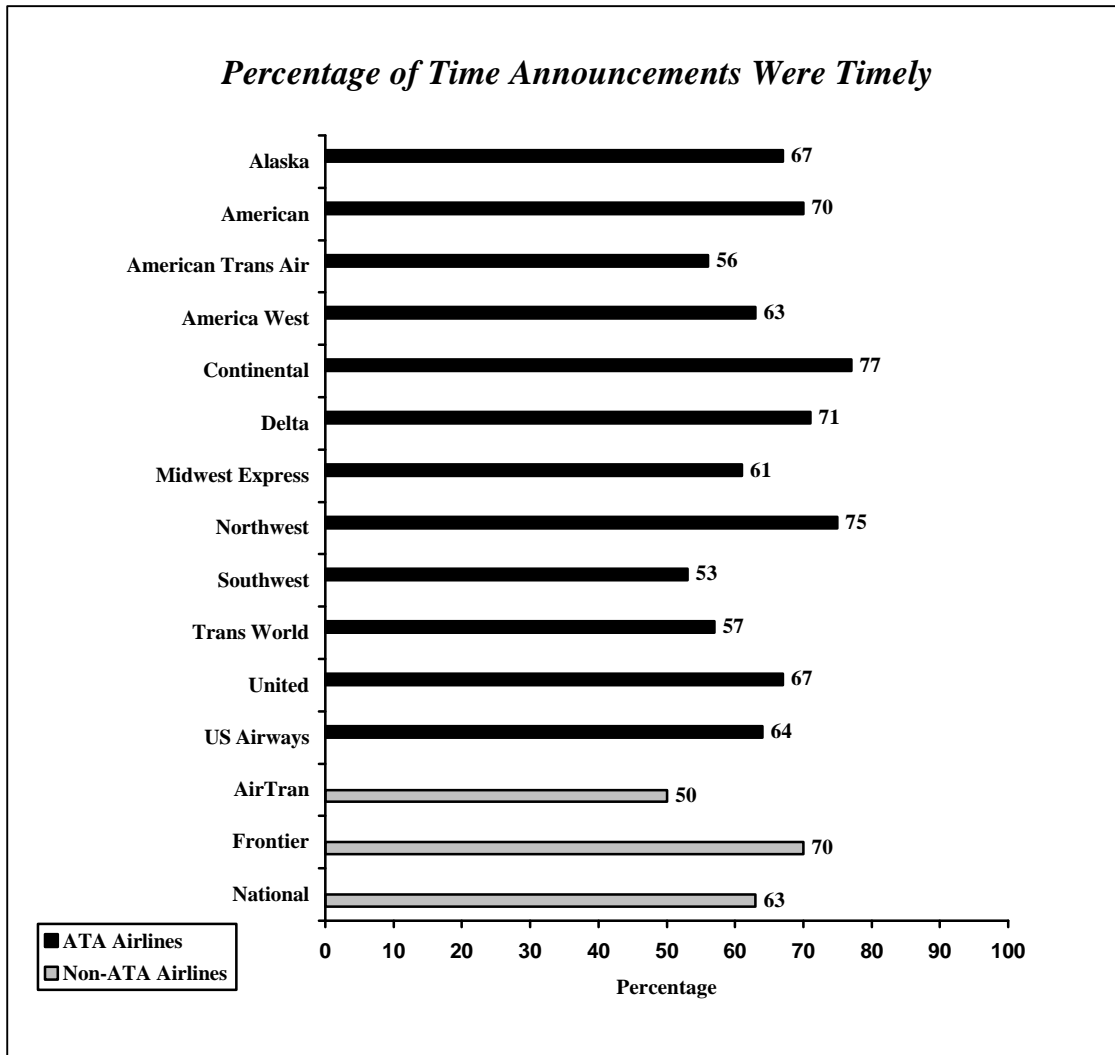
<sup>19</sup> Because of limited flight operations in the continental United States, we observed five or fewer flight delays for Aloha and Hawaiian. Therefore, we have not included the results of those observations in our report.

**Flight Delay Information Needs to Be Updated in a Timely Manner.** As the following chart shows, there was a wide disparity among the air carriers in the percentage of time delays were posted in real-time on the flight information display monitors.



*It is important to note that the failure to post real-time information on the airport monitors was not solely the air carriers' fault. At many of the airports we visited, the airport operators control the master monitors located in the terminal areas, while the Airlines are responsible for the monitors in the boarding areas. The Airlines feed delay information to the airport operator in anticipation that monitors controlled by the airport operator will be updated promptly. So, there will be occasions where the flight information on the airports' master monitors and the Airlines' boarding area monitors will be different. This is one area where the Airlines and airport operators need to improve their coordination efforts in order to provide passengers and third parties with real-time delay information.*

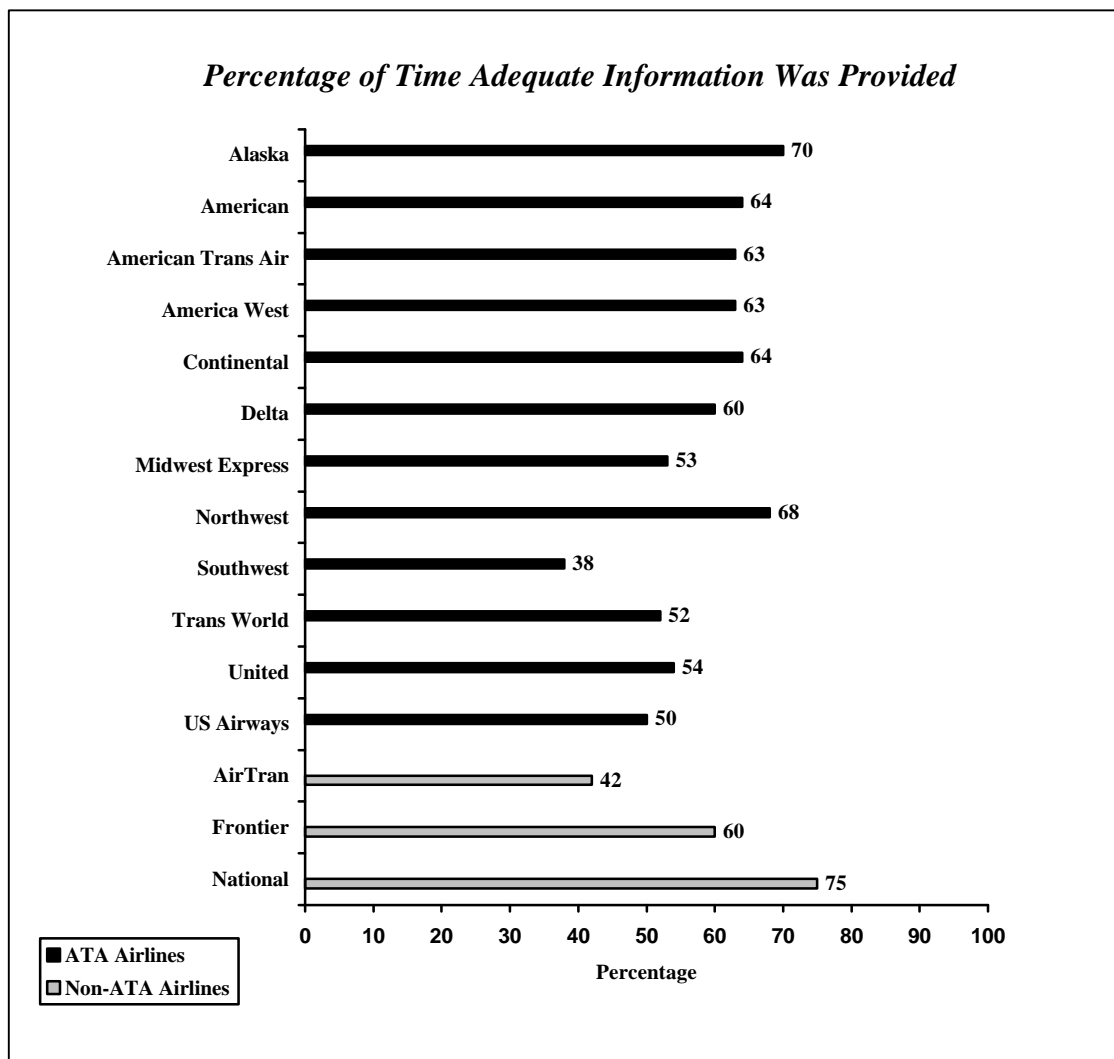
**Improvements Are Needed in Providing Passengers Timely Announcements About the Delays.** Seven of the Airlines' policies, as stated in their Plans, require announcements about delays every 15 to 20 minutes. In testing this area, we gave the air carriers some flexibility and allowed 30 minutes between information updates about the delay in the boarding area. However, as shown in the following chart, there was a wide disparity among the air carriers in the timeliness of announcements about the status of the delay.



The following examples illustrate that the timeliness of announcements about the status of delays needs to be improved.

- During a 1 hour and 30 minute delay for a Delta flight from Atlanta to San Diego, no announcements were made.
- During a 1 hour and 32 minute delay for a Continental flight from Milwaukee to Houston, no announcements were made.
- During a 1 hour and 20 minute delay for an American flight from Washington, D.C., to Miami, no announcements were made.
- During a 50 minute delay for an AirTran flight from LaGuardia to Atlanta, no announcements were made.
- During a 2 hour delay for a United flight from Indianapolis to Chicago, no announcements were made.

**Considerable Improvements Are Needed in Providing Passengers Information About the Delays.** In testing this area, we gave the air carriers flexibility in determining what constituted adequate information, looking for as little information as “the flight will be delayed 30 minutes due to weather at the connecting airport.” We did not expect the Airlines’ gate agents to provide a detailed or complex explanation on the reason for the delay. However, as the following chart shows, there was a wide disparity among the air carriers in providing adequate information about the delays, including the reasons for delays.



The following examples illustrate the need to improve the timeliness and adequacy of announcements about the status of the delay, including the cause of the delay.

- During a 2 hour and 15 minute delay for a flight from Baltimore to Orlando, one announcement was made that the flight was delayed, but no information was provided on the cause of the delay or when the flight could be expected to depart. Following the completion of boarding, we queried the gate agent and discovered the inbound flight was delayed due to weather.
- Passengers experienced a 2 hour and 15 minute on-board delay for a flight from Denver to Chicago. No announcements were made in the gate area prior to boarding the aircraft at 9:00 a.m. However, at least 2 hours earlier, the Airline's operation center was aware that Chicago's O'Hare airport would be closed another 3 hours due to weather. We queried the gate agent about the delay and found that the agent was also aware of the delay in Chicago. The aircraft took off at 11:13 a.m.

- During a 1 hour and 50 minute delay for a flight from Phoenix to Newark, two announcements were made that the flight was delayed due to air traffic control. Following the completion of boarding, we queried the gate agent and discovered the delay was attributed to weather in Newark.

**Efforts Are Underway to Improve the Flow of Information About Known Delays and Cancellations.** Over the course of 2000, DOT, FAA, air carriers and airport operators have been collaborating and coordinating their efforts to improve the information flow within the aviation community and ultimately to the passenger about known delays and cancellations. For example, DOT has recently published and posted on its Internet site ([www.ostpxweb.dot.gov/aviation](http://www.ostpxweb.dot.gov/aviation)) a report identifying “best practices” used by airlines and airports to (1) facilitate consumer access to flight information, and (2) provide services that minimize the adverse consequences of air travel delays and cancellations. FAA’s Internet site ([www.fly.faa.gov](http://www.fly.faa.gov)) provides real-time information on delays at the Nation’s 40 busiest airports, and nearly all the air carriers’ Internet sites provide real-time information about the status of their own flights.

Also, every Airline and non-ATA airline provides a toll-free telephone number for checking on the status of flight departures and arrivals, and nine Airlines and non-ATA airlines offer wireless flight status information via cell phones, pagers, and hand-held electronic devices. At some airports, older flight display monitors in the terminals and at the gates have been replaced with state-of-the-art flight display systems and monitors that provide a bevy of information about each flight, including aircraft type, meal service, ticketing procedures, planned boarding time, on-board entertainment, and irregularities in service.

**Recommendations** — *Redouble efforts to ensure that (1) delay information is updated in real-time on Airlines’ monitors and on airport master flight information display monitors located throughout the airport, (2) gate agents make timely announcements regarding the status of the delay, and (3) best known information about the delay, including the cause and estimated time of departure, is provided to the passengers being affected. Also, the Airlines that have not already done so should implement a system that contacts passengers prior to arriving at the airport when a known, lengthy flight delay exists or a flight has been canceled.*

## **Airline Policies for Passengers Delayed Overnight Need Clarification and Greater Consistency**

An equally frustrating experience for air travelers occurs when a flight delay or cancellation results in passengers being delayed overnight, usually at their own

expense. The Airlines committed to establish and implement policies for accommodating passengers delayed overnight, and make available to customers a clear and concise statement of the Airlines' policies in these respects. The requirement that the Airlines establish and publish policies for accommodating passengers delayed overnight is governed under Title 14 CFR Part 253, Notice of Terms of Contract of Carriage. Part 253 requires that all air carriers' contracts of carriage disclose to the consumer the rights of the carrier and limitations concerning delays or failure to perform service.

All Airlines' Plans, except two, stated they will provide food, lodging or transportation, if the cause of the delay or cancellation was within their control, and the Airlines define what is meant by within their control. However, as described below, the policies in their Plans when compared to their contracts of carriage are ambiguous and vary among the Airlines.

Two Airlines' Plans do not address policies for accommodating passengers delayed overnight. For example:

- Aloha does not address in its Plan its policies for accommodating passengers delayed overnight. In its contract of carriage, Aloha will provide accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under its control.
- United does not specifically address in its Plan its policies for accommodating passengers delayed overnight. In its Plan, the Airline states that it will provide customers with this information upon request. In its contract of carriage, United only provides accommodations as a result of a diversion to an unscheduled point whereby the delay exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m. Passengers will not be provided lodging when their trip is interrupted at a city that is their origin point, stopover point, connecting point, or permanent residence.

Five Airlines' Plans regarding overnight accommodations were consistent with their contracts of carriage. For example:

- Hawaiian's Plan and contract of carriage provide for accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under the Airline's control.



- As stated in its Plan and contract of carriage, Midwest Express provides accommodations if the delay or cancellation was within its control and exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m.
- Northwest's Plan and contract of carriage provide for overnight accommodations if the last flight of the day was canceled or full and Northwest was responsible for canceling the flight.
- Southwest's Plan and contract of carriage provide accommodations if the delay or cancellation was under the Airline's control and the passenger missed the last possible flight or connection of the day to his or her destination.
- In its Plan and contract of carriage, Trans World may provide overnight accommodations when all of the following conditions are met: (1) a delay or cancellation is within its control, (2) the interruption occurs at the on-line connection point or the flight was diverted to an unscheduled airport; and (3) the delay or cancellation exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and rerouting on other flights is not possible.

Seven Airlines' contracts of carriage are either ambiguous or appear more restrictive than their Plans in providing accommodations to passengers delayed overnight. For example:

- Alaska, in its Plan, will provide a hotel for the night if the passenger is more than 100 miles away from home and the delay or cancellation was not caused by weather. In its contract of carriage, Alaska only provides accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under its control.
- American, in its Plan, will provide reasonable overnight accommodations, subject to availability, if the delay or cancellation was caused by events within its control. However, in its contract of carriage, overnight accommodations are provided when the passenger's flight is diverted to an unscheduled point and the delay at such point is expected to exceed 4 hours during the period 10:00 p.m. to 6:00 a.m. The contract of carriage does not address overnight accommodations in the event of a delay or cancellation, but only in the event of a diversion.
- In its Plan, American Trans Air will provide accommodations to passengers whose flights were delayed in excess of 6 hours depending on the time of day (not defined) and only if the delay was caused by American Trans Air. In its

contract of carriage, American Trans Air states that it will only provide “amenities” as required in the CFR. However, the CFR does not include provisions for “amenities” for scheduled flight service.

- America West’s Plan states that lodging will be provided to passengers whose flights are delayed, canceled or misconnected creating an overnight stay, except when the delay, cancellation or misconnection is due to weather. Lodging will not be provided to a passenger whose trip is interrupted at a city that is his/her origin point, stopover point, or place of residence. However, in its contract of carriage, America West provides accommodations only if (1) the flight on which the passenger is being transported is diverted to an unscheduled point, and the delay at such point is expected to exceed 4 hours during the hours of 10:00 p.m. to 4:00 a.m., and the delay was under America West’s control; or (2) due to the passenger’s flight arriving late, he or she missed the connecting flight, alternate transportation is not available until after 6:00 a.m. the next day, and the delay was under America West’s control.
- In its Plan, if a flight delay, cancellation, or diversion results from Continental’s operations, passengers will be provided accommodations under the following conditions: (1) if a passenger is in a connecting city and a flight is canceled and there are no flights available until the next day; and (2) if a flight diverts to an unscheduled airport and the delay exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m. Also, if a flight delay exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., passengers in a connecting city may be offered hotel accommodations depending on the amount of time involved and the location of the hotels. In its contract of carriage, Continental only provides accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under its control. The contract of carriage does not address overnight accommodations in the event of a diversion or misconnection.
- Delta’s Plan states when passengers are inconvenienced overnight due to a delay or cancellation within its control, Delta will provide accommodations at Delta contracted facilities, based on availability. Delta’s contract of carriage only provides accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under the Airline’s control.
- In its Plan, in the event of a delay or cancellation, US Airways will arrange for overnight accommodations if the passenger is at a connecting point and no alternate transportation is available. US Airways will also provide its passengers with overnight accommodations if a return flight from the

destination airport is delayed or canceled because of circumstances under its control. Overnight accommodations are not provided if a flight from the passenger's originating point is delayed or canceled. However, in its contract of carriage, US Airways states it may assume limited expenses incurred as a result of a flight cancellation or a delay exceeding 4 hours.

**Recommendation** — *Clarify the customers' rights when put in an overnight situation due to delays, cancellations, or diversions by making the contracts of carriage consistent with their Plans. In doing so, we urge the Airlines not to back off from accommodations they made in their Plans.* The reason we surface this issue was that at least one Airline, in its Plan, has stated that the Plan does not create contractual or legal rights.

## **Full Disclosure to Consumers Should Be Mandatory on Flights That Are Chronically Delayed and/or Canceled**

An equally unpleasant experience for air travelers occurs when flights are chronically delayed and/or canceled month after month. Chronically delayed and/or canceled flights are those *regularly scheduled flights*<sup>20</sup> that, at least 80 percent of the time, arrived at least 15 minutes later than scheduled and/or were canceled during a *single calendar month*. For example, according to BTS data, in December 2000, one Airline's flight with daily non-stop service between Chicago and Miami was delayed and/or canceled 27 of the 31 days it was scheduled to operate. In this case the flight was delayed and/or canceled 87 percent of the time. Our analysis of BTS data found travelers, last year, experienced far more of these chronically delayed and/or canceled flights than any of the prior 3 years we examined. The number of flights delayed and/or canceled at least 80 percent of the time increased from 8,348 to 40,868 (390 percent) between 1999 and 2000.

In an effort to better demonstrate the impact of chronically delayed and/or canceled flights on air travelers during 2000, we increased the amount of the arrival delay to 30 minutes or more, from the BTS standard of 15 minutes. We also applied a 40 percent threshold instead of the 80 percent used by BTS. Using BTS data, we identified all scheduled flights that, when grouped by individual flight number, were delayed and/or canceled at least 40 percent of the time during a single calendar month. Using these criteria, we identified:

- Over 240,000 scheduled flights (representing over 10,300 individual flight numbers affecting approximately 25 million passengers) that were consistently delayed and/or canceled 40 percent of the time.

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<sup>20</sup> A regularly scheduled flight is a flight segment representing a city-pair e.g. Chicago to Miami.

- Nearly 2,300 of the 10,300 individual flight numbers were regularly delayed and/or canceled at least 40 percent of the time for periods of 3 months or more in 2000. For example, one Airline's flight with daily non-stop service between Washington, D.C., and Tampa, Florida, was delayed and/or canceled at least 40 percent of the time each month for 7 months in 2000. During July 2000, the flight was delayed and/or canceled 25 times (80 percent) of the 31 scheduled flights.
- When the arrival delay was expanded to 1 hour, we identified nearly 56,000 scheduled flights that were consistently delayed and/or canceled at least 40 percent of the time in 2000.

These and other chronically delayed and/or canceled flights are listed in the following table. Our intent is not to attribute the cause of the delays or cancellations associated with these flights to the Airlines, but to highlight the extent to which such flights are occurring.

***Examples of Flights Delayed (30+ Minutes) or  
Canceled 40 Percent or More Per Month  
in 2000***

<b>Airline</b>	<b>Flight Number</b>	<b>Route</b>	<b>No. of Months Impacted</b>	<b>No. of Scheduled Flights Impacted</b>	<b>Percent Delayed and Canceled</b>
Alaska	448	Seattle to Ontario (CA)	6	79	53%
America West	2805	Phoenix to San Francisco	11	154	54%
American	860	Miami to LaGuardia	9	147	61%
Continental	1271	Newark to Las Vegas	8	112	47%
Delta	2598	Ft. Lauderdale to Boston	7	96	53%
Northwest	382	Detroit to Boston	7	67	52%
Southwest	1139	Baltimore to Cleveland	7	113	56%
Trans World	254	St. Louis to O'Hare	6	76	46%
United	1411	Dulles to Tampa	7	114	58%
US Airways	2667	LaGuardia to Orlando	7	117	70%

While the cause of these delays and cancellations is unclear due to the lack of a common reporting system, the repetitive nature of these delays needs to be addressed. Especially for those flights that are delayed and/or canceled 3 or more consecutive months, the Airlines need to consider various remedial actions, including adjusting published flight schedules to more accurately reflect experienced arrival times. Both the DOT and the Airlines could also aid

consumers by providing information on those chronically delayed and/or canceled flights through existing web sites or on-line publications.

## **Recommendations —**

*The Office of Aviation Enforcement and Proceedings, in coordination with BTS, include a table in the Air Travel Consumer Report of those flights consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more for 3 consecutive months or more.*

*The Airlines establish in the Commitment and their Customer Service Plans targets for reducing the number of chronically delayed (i.e., 30 minutes or greater) and/or canceled flights. The Airlines should also provide, through existing Internet sites, the prior month's on-time performance rate for each scheduled flight.*

*Disclose to customers, at the time of booking and without being asked, the prior month's on-time performance rate for those flights that have been consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time. Currently, the Airlines are required to disclose on-time performance only upon request from the customer.*

**Contracts of Carriage —** There are two elements to this Commitment provision: establish and implement policies for accommodating passengers delayed overnight and make the policies available to customers; and notify passengers at the airport and on-board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations and diversions.

As a pre-existing contract term required by Federal regulations, all the Airlines disclose in their contracts of carriage the policies for accommodating passengers delayed overnight.

As pre-existing operating policies, all of the Airlines' required notifying customers at the airport and on-board an affected aircraft of the best available information regarding known delays, cancellations, and diversions. "In a timely manner" was included in the provision so that the Airlines would be obligated to notify passengers **more frequently** about known delays, cancellations, and diversions.

In their contracts of carriage, 11 Airlines included the provision element to notify customers of known delays, cancellations and diversions, while 3 Airlines have not added this element to their contracts of carriage, as shown in the following table.

<b>Airline</b>	<b>Included</b>	<b>Not Included</b>
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental		✓
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

## ***On-Time Baggage Delivery***

**What Was Promised** — The Airlines committed to make every reasonable effort to return checked bags within 24 hours and attempt to contact any customer whose unclaimed, checked luggage contains a name and address or telephone number. This is considered a pre-existing operating policy and applies to checked baggage that has been delayed or misrouted by the Airlines, resulting in a passenger arriving at his or her destination without a bag. Although it is not explicitly stated in the provision, the intent of the provision is that the Airlines will make every reasonable effort to return checked bags *to the passenger* within 24 hours.

**What Was Not Promised** — This provision actually refers to delivery within 24 hours of checked baggage that does not show up when passengers arrive at their destinations. It does not commit to making sure that checked baggage shows up when passengers arrive at their destinations.

**Complaint Data Reported by DOT** — According to DOT complaint data, mishandled baggage<sup>21</sup> is a major source of air traveler dissatisfaction. Over the last 2 years, DOT's Air Travel Consumer Report ranked baggage complaints as the third highest complaint category out of 11 categories being reported. The number of complaints relating to baggage more than doubled in 1999 over the prior year, from 1,431 to 2,908. For 2000, complaints increased by 19 percent in 1999, from 2,908 to 3,468.

Also in its Air Travel Consumer Report, DOT reports that for 1999 the Airlines<sup>22</sup> showed a 2 percent increase in the number of passenger reports of mishandled baggage over the prior year, from 2,484,841 to 2,537,018, with an average of 5.08 claims filed per 1,000 passengers. In 2000, there was an 8 percent increase in the number of passenger reports of mishandled baggage in the prior year, from 2,537,018 to 2,738,463, and 4 percent increase in the average number of claims filed per 1,000 passengers, from 5.08 to 5.29.

These data are self-reported by the Airlines and are not verified by DOT. The need for DOT to verify the reliability of the data submitted by the Airlines was recently demonstrated when one Airline's mishandled baggage statistics were found to be materially understated. DOT learned of the misreporting from the Airline and required the Airline to re-submit data for the period January through

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<sup>21</sup> DOT defines mishandled baggage as checked baggage that has been lost, delayed, damaged or pilfered.

<sup>22</sup> U.S. Airlines with at least 1 percent of total domestic scheduled-service passenger revenues. Data are submitted to DOT on a monthly basis.

June 2000, resulting in the Airline's mishandled baggage ranking dropping from 4 to 6 out of the 10 Airlines reporting.

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### ***Final Observations: Improvement Is Needed in the Timely Return of Delayed or Misrouted Baggage***

Air carriers process about 1 billion pieces of checked baggage within the United States annually. The ATA and the Airlines estimate that 99.5 percent of passengers and their checked bags arrive at their destination together. The Airlines further indicated that only a small percentage of the delayed or misrouted bags are not returned to their owner within 24 hours.

However, we found that improvements are needed in the timely return of delayed or misrouted checked baggage. Only two Airlines met the provision 90 percent of the time; eight Airlines and one non-ATA airline met the provision between 80 and 89 percent of the time; and four Airlines and two non-ATA airlines met the provision between 58 and 76 percent of the time.

### **Return of Delayed or Misrouted Baggage**

Before the Commitment, the Airlines were, and still are, using WorldTracer to assist in the recovery of misrouted passenger baggage, allowing information exchange within a given air carrier as well as among air carriers worldwide. WorldTracer maintains a large worldwide database of on-hand and forwarded baggage information and has a sophisticated matching mechanism based on external and internal baggage characteristics. In addition, some Airlines have invested in technology to help identify the location of mishandled baggage. Eight Airlines and all three non-ATA airlines also have a toll-free number for the customer to call regarding their mishandled baggage.

In testing this provision, *for the passengers who arrived without their bags*, we determined whether the Airlines and non-ATA airlines delivered the mishandled bags within 24 hours from the time the customer's lost baggage claim was *entered in WorldTracer* to the time when the lost baggage was *picked up by the delivery vendor*. From data stored in WorldTracer, we could determine the amount of time elapsed from when the (1) claim was entered into the system, (2) bag was found, and (3) bag arrived at the destination airport. From the baggage delivery order (BDO),<sup>23</sup> we could determine when the bag was picked up by the delivery vendor. If 24 hours or more had elapsed from the time the claim was entered in

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<sup>23</sup> Baggage delivery orders are prepared by the Airlines and non-ATA airlines for the delivery company.



WorldTracer to the time recorded on the BDO, we considered the 24-hour window not being met. If less than 24 hours had elapsed from the time the claim was entered in WorldTracer to the time recorded on the BDO, we gave the benefit of the doubt to the Airlines and non-ATA airlines and considered that the 24-hour window had been met. Also, if the Airlines and non-ATA airlines could not provide sufficient records to draw a conclusion on whether the 24-hour window had been met (e.g., no record of entering claim into WorldTracer or no record of time the bag was picked up for delivery), we considered those instances as not meeting the 24-hour window. Without sufficient records, the Airlines and non-ATA airlines themselves did not know if they were meeting the 24-hour window.

It should be noted that the time the customer files a lost baggage claim and the time the claim is entered in WorldTracer are not always the same. We found instances where customers' claims were not entered into WorldTracer until several hours after the customers' claims had been filed at the baggage claim office.

We also gave the Airlines and non-ATA airlines the benefit of the doubt on any bag that was not delivered within 24 hours although the Airlines clearly made every reasonable effort to do so. For example, if a passenger's bag was returned to the destination airport at midnight on the day of arrival, we would not have expected the Airline to deliver the bag to the passenger until later that morning, even though the return of the bag exceeded 24 hours. Therefore, we did not count this as a discrepancy.

The results of our tests as depicted in the following table show a wide variance among the Airlines.

*Statistical Projections*  
*Percentage of Time Mishandled Checked Baggage*  
*Was Returned Within 24 Hours*

Airline	Lower Limit	Best Estimate	Upper Limit
Alaska	84	87	91
Aloha	85	90	95
American	69	76	84
American Trans Air	53	58	63
America West	80	85	90
Continental	83	88	93
Delta	59	66	73
Hawaiian	82	86	91
Midwest Express	79	84	89
Northwest	63	69	76
Southwest	86	89	91
Trans World	87	91	94
United	77	82	88
US Airways	81	84	88
<b>Non-ATA Airline</b>			
AirTran	63	69	75
Frontier	76	80	85
National	69	75	82

## **Tracking Systems Are Still Needed Before Compliance With the Provision Can Be Assured**

In our initial review of the Airlines' policies for implementing this provision, we found that the Airlines had not uniformly defined what constituted within 24 hours. In other words, when did the 24 hours begin? We also found the Airlines did not have a system in place for tracking their 24-hour window. All the Airlines have either revised their internal policies, Plans or contracts of carriage to make it clear the 24 hours begins when they receive a customer's claim. However, we found that all the Airlines did not have a complete system to track when misrouted or delayed baggage was actually delivered to the passenger. Once the bag was picked up by the delivery vendor, the Airlines assumed the bag would be delivered within the contractually negotiated time, estimated between 2 and 4 hours. However, none of the Airlines followed up to ensure that deliveries were timely. We also found this to be the case for the non-ATA airlines we reviewed.

## **DOT's Method for Calculating Mishandled Baggage Rates Needs to Be Revised**

DOT's method for reporting mishandled baggage should be revised to more accurately reflect the number of bags Airlines mishandled. In its Air Travel

Consumer Report, DOT reports the number of *baggage claim reports per 1,000 passengers* on domestic flights. This method understates the actual number of bags that do not arrive with the passenger because:

- A single baggage claim report does not necessarily equate to a single mishandled bag or single passenger. For example, one baggage claim report we reviewed covered four bags.
- The “reports per 1,000 passengers” rate is calculated using total domestic enplaned passengers and is significantly understated because not all passengers check baggage. In fact, one Airline estimates that only 33 percent of passengers check baggage.

A more realistic rate to measure the Airlines’ performance would be “*mishandled bags per 1,000 bags handled*.” The rate is calculated based on the number of mishandled bags (not baggage claim reports) reported divided by the number of bags checked for all flights in the Airlines’ systems times 1,000. This information is readily available to the Airlines and would allow consumers to more accurately see the percentage of checked baggage actually mishandled by an Airline.

While we did not identify the actual number of mishandled or checked bags, we did a comparison based on the following assumptions: one bag per baggage claim report and 50 percent of total domestic enplaned passengers checking one bag each. The following comparison provides an example of the Airlines’ average ratings based on the current DOT method of calculation versus the modified method of calculation.

- For 2000, DOT calculated a mishandled bag rating of 5.29 baggage claim reports per 1,000 passengers based on **517,466,576** total domestic enplaned passengers, *even though not all passengers check bags*.
- For 2000, we calculated a mishandled bag rating of 10.58 mishandled bags per 1,000 bags handled based on **258,733,288** passengers (50 percent of total domestic enplaned passengers) checking one bag.

When using the modified method for calculating the rate, the overall average rate of mishandled bags increases 100 percent, from 5.29 (baggage claim reports per 1,000 passengers) to 10.58 (mishandled bags per 1,000 bags handled).

**Contracts of Carriage** — We found 12 Airlines have included in their contracts of carriage the Commitment provision to make every reasonable effort to return checked bags within 24 hours and attempt to contact any customer whose

unclaimed, checked luggage contains a name and address or telephone number. Two Airlines have not, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental	✓	
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

We also found that the terms in the contracts of carriage for Aloha, Delta, Northwest, and United are more restrictive than the Commitment provision. In its contract of carriage, Aloha excludes non-revenue and reduced rate ticketed passengers from the provision. Delta and Northwest contract terms are limited to domestic passengers only, and United's contract of carriage terms are limited to domestic flights only.

The Commitment provision does not make these distinctions.

## **Recommendations —**

*Strengthen the Commitment to require the Airlines to set performance goals for reducing the number of mishandled bags.*

*Develop and implement systems to track the amount of time elapsed from the receipt of the customer's baggage claim to time of delivery of delayed or misrouted baggage to the passenger, including the time from courier to final delivery to the passenger.*

*For the Airlines that have not already done so, provide a toll-free telephone number so passengers can check on the status of checked baggage that did not show up on the passengers' arrival.*

*Petition the DOT to calculate the rate of mishandled baggage on the basis of actual checked baggage (not on the total number of passengers), and the actual number of mishandled bags (not the number of claim reports).*

## ***Support an Increase in the Baggage Liability Limit***

**What Was Promised** — The Airlines committed to petition the Department of Transportation within 30 days (of June 17, 1999) to consider an increase in the current baggage liability limit.

The limitations of air carrier liability for loss, damage, or delay in the carriage of passenger baggage in domestic air transportation are set forth in 14 CFR 254, Domestic Baggage Liability. The regulation applies to both charter and scheduled service, and has been in effect for over 20 years. Although the Airlines' petition to DOT was voluntary, the petition was in response to an earlier DOT rulemaking to increase the baggage liability limit to compensate for inflation. The baggage liability limit was last amended in 1984.

In July 1999, the ATA, on behalf of the Airlines, petitioned DOT to increase the baggage liability limit, from \$1,250 to \$2,500 per passenger, for lost, damaged, or delayed baggage. DOT issued its final rulemaking, effective January 18, 2000, increasing the baggage liability limit to \$2,500. The final rule also requires *periodic adjustments* in the baggage liability limit based on the Consumer Price Index.

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### ***Final Observations: The Increase in the Baggage Liability Limit Has Benefited the Consumer***

DOT's increase in the baggage liability limit to \$2,500 is a benefit to customers whose claims for lost baggage exceed the prior limit of \$1,250. From each Airline, we obtained baggage claim data, including pay-outs, for September 1999 and September 2000 to determine the effect the increase had on payments over \$1,250.<sup>24</sup> When comparing September 1999 to September 2000, we found, for all Airlines combined, a 14 percent increase in the percentage of payments in excess of \$1,250. This increase also represents over a 500 percent increase in the dollar amount paid out by the Airlines (from \$622,440 in September 1999 to \$3,853,394 in September 2000).

**Contracts of Carriage** — Under 14 CFR 253.5, Notice of Incorporated Terms, DOT's baggage liability limit is required to be in each air carrier's contract of carriage. In our review of the Airlines' and non-ATA airlines' contracts of

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<sup>24</sup> We are not reporting our findings by Airline due to the proprietary nature of the number of payments processed, the dollar value of those payments, and the percentage of payments in excess of \$1,250. Also, these data were self-reported by the Airlines and are not verified by OIG.

carriage, we found that all contracts of carriage reflected the increase in the baggage liability limit to \$2,500.

**Recommendation** — *We are making no recommendations regarding this Commitment provision.*

## ***Allow Reservations to Be Held or Canceled***

**What Was Promised** — The Airlines committed to allow the customer either to hold a telephone reservation without payment for 24 hours **or** (at the election of the carrier) to cancel a reservation without penalty for up to 24 hours. This is *a new customer service commitment* provided to Airline customers. This provision basically applies to nonrefundable tickets, since refundable tickets can always be canceled without penalty. Although it is not explicitly stated in the provision, the intent of the provision is that the Airlines will hold a telephone reservation, *including the fare*, without payment for 24 hours **or** cancel a reservation without penalty (*refund the entire purchase price without applying any fees*) for up to 24 hours.

**What Was Not Promised** — The terms of this provision apply only to reservations made over the Airlines' telephone reservation systems. Airlines are not required to extend this provision to reservations made through other distribution methods such as travel agents, airline city ticket offices or the Internet.

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### ***Final Observations: This Provision Gives the Consumer a New Service and Is Working Well***

The Airlines, with a few exceptions, were adhering to their policies to either hold a telephone reservation, *including the fare*, without payment for 24 hours **or** cancel a reservation without penalty (*refund the entire purchase price without applying any fees*) for up to 24 hours. This new commitment should be very popular with passengers who book nonrefundable tickets. It not only allows customers to check for lower fares, but also allows them time to coordinate their travel without losing a quoted fare.

We tested this provision by calling the Airlines' telephone reservation systems and requesting a round-trip reservation with a fixed itinerary (specific date and flight) on the outbound leg and a flexible itinerary (as to time of day) on the return leg with a 7-day and 21-day advanced purchase. For those Airlines whose policy it is to hold the fare for 24 hours, we booked a reservation and then called back within 24 hours after the reservation was made to ensure that the reservation was held, including the quoted fare. For those Airlines that required a payment to hold the fare, we purchased a ticket and then canceled within 24 hours without penalty. The three non-ATA airlines will hold a reservation, but not the fare, for 24 hours. Therefore, non-ATA airlines were not included in our test results.



Eight Airlines have elected to hold a reservation at the quoted fare without payment for 24 hours. Five Airlines require the customer to pay for the ticket, but will provide a full refund without penalty if the travel is canceled within 24 hours of the reservations. One carrier allows the customer to use either method, but the passenger must make the choice when placing the reservation.

Our sample test results for this provision show that 11 Airlines either held the reservation, including the fare, for 24 hours without payment or allowed us to cancel a reservation without penalty at or near 100 percent of the time. The remaining Airlines held the reservation, including the fare, for 24 hours without payment at least 88 percent of the time. Lower and upper confidence limits, based on our projections, are listed in the table for each Airline.

***Statistical Projections  
Percentage of Time the Reservation Was Held  
or Canceled Without Penalty***

<b>Airline</b>	<b>Lower Limit</b>	<b>Sample Results</b>	<b>Upper Limit</b>
Alaska	85	93	97
Aloha*	n/a	100	n/a
American	80	88	94
American Trans Air	97	100	100
America West	97	100	100
Continental	97	100	100
Delta	93	99	100
Hawaiian*	n/a	100	n/a
Midwest Express	80	88	94
Northwest	97	100	100
Southwest	97	100	100
Trans World	97	100	100
United	97	100	100
US Airways	97	100	100

\*We were unable to project sample results at a 90 percent confidence level.

In cases where our reservation was not held, the telephone reservation agents had not input the correct date to hold the reservation. However, there were not enough instances for any of the Airlines tested to suggest this would be a significant concern. Also, 12 Airlines did affirmatively notify us that we could hold a reservation for 24 hours without payment or cancel the reservation within 24 hours and receive a full refund without penalty. Two Airlines affirmatively notified us of this provision between 24 and 62 percent of the time. This was not deliberate on the part of the reservation agents; the Airlines' procedures were just not consistently being followed.

**Contracts of Carriage —** In our review of the Airlines' contracts of carriage, we found that 12 Airlines included, and 2 Airlines did not include the

Commitment provision to hold a telephone reservation without payment for 24 hours **or** cancel a reservation without penalty for up to 24 hours, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha		✓
American	✓	
American Trans Air	✓	
America West		✓
Continental	✓	
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

In our review of the contracts of carriage, we found that Alaska's, Delta's and United's contract of carriage terms were more restrictive than the Commitment provision.

- Alaska's contract of carriage has two conflicting clauses. One clause allows the reservation to be held at a guaranteed fare for 24 hours, but another clause states that fares will not be guaranteed after midnight on the day quoted.
- Delta's contract of carriage limited the benefit to passengers *calling* from within the United States for *travel* within the United States; and United's contract terms limits the benefit to passengers *calling* from the United States.

The Commitment provision does not make these distinctions.

**Recommendations** — Our interim report suggested the Airlines disclose to the consumer that they have the option of canceling a nonrefundable reservation within the 24-hour window following booking. All Airlines revised their policies to require such disclosure. *We are making no recommendations regarding this Commitment provision.*

## ***Provide Prompt Ticket Refunds***

**What Was Promised** — The Airlines committed to issue refunds for eligible tickets within 7 business days for credit card purchases and 20 business days for cash purchases. The promised actions are already required under pre-existing Federal regulations. The 7-day refund requirement for credit card purchases is imposed under a Federal banking regulation that has been in effect for over 20 years, and the 20-day refund requirement for cash purchases (which includes checks) was established under a DOT consent order and has been in effect for over 17 years.

**What Was Not Promised** — It is important to recognize that, except when a nonrefundable ticket is purchased under the new 24-hour provision, the Airlines did not commit to make a class of fares, namely nonrefundable tickets, refundable.<sup>25</sup> They committed to comply with Federal regulations and requirements governing the time frames for processing refunds.

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### ***Final Observations: Wide Variances Existed Among the Airlines' and Non-ATA Airlines' Compliance With Federal Requirements for Issuing Refunds***

Since this Commitment provision is governed under Federal requirements that have been in effect for over 17 years, we expected to find the Airlines and non-ATA airlines to be in compliance with the requirements for issuing refunds. However, our review found, before and after implementing their Plans, wide variances in the Airlines' compliance with Federal requirements for issuing ticket refunds. For example, 10 Airlines were complying with both the 7-day and 20-day requirement 94 to 100 percent of the time; and 4 other Airlines were complying with the 7-day requirement between 59 and 88 percent of the time, and between 79 and 97 percent of the time for the 20-day requirement. This is an area that warrants additional oversight from DOT's Aviation Consumer Protection Division.

We did, however, find that the Commitment provision had a positive effect on improving the Airlines' compliance with the Federal requirements for issuing ticket refunds, with three Airlines significantly increasing their compliance rates.

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<sup>25</sup> As a supplemental note regarding ticket refunds, under 14 CFR 253, Notice of Terms of Contract of Carriage, a passenger is not bound by any nonrefundable ticket refund restrictions or penalties unless the passenger receives conspicuous written notice of the restrictions and penalties on or with the ticket. Generally, the air carriers provide written notice to the passenger with the ticket.

## **Test Results Disclose Noncompliance With the Timeliness of Issuing Ticket Refunds**

Between May and September 2000, we conducted two tests. In Test 1, we determined whether the Airlines complied with pre-existing Federal requirements for issuance of refunds in November 1999, prior to the Commitment provision to provide prompt ticket refunds. Using Test 1 as a benchmark, we determined whether the Commitment provision improved the Airlines' compliance with the pre-existing Federal requirements. So that each Airline was treated fairly and consistently, for Test 2 we selected ticket refunds issued in March 2000. Even though only 9 months had elapsed since the Commitment was executed, the Federal requirements have been in effect for over 17 years and the Airlines should have had policies, procedures and controls in place to ensure compliance with the Federal requirements long before the Commitment and Plans took effect.

At the time of our Interim Report, our preliminary review of 3 of 14 Airlines found that the Airlines were providing eligible ticket refunds within required time frames at or near 100 percent of the time. We anticipated finding the same results when testing continued at the remaining 11 Airlines and at the 3 non-ATA airlines.

**Test 1.** For Test 1, we found wide variances in the Airlines' compliance with the Federal requirements for issuing ticket refunds, but that a few of the Airlines were doing significantly better than the rest at complying. For example,

- 6 Airlines were complying with both the 7-day and 20-day requirement 95 to 100 percent of the time.
- 6 other Airlines were complying with the 7-day requirement between 24 and 94 percent of the time, and between 55 and 100 percent of the time for the 20-day requirement.
- 2 Airlines' compliance with the Federal requirements could not be determined because they did not have systems in place that tracked the time the request for refund was received to the time the refund was issued. Consequently, we were not able to determine the processing time of refund requests for Test 1.

**Test 2.** We found that by March 2000, wide variances in compliance still existed but the Commitment provision did have a positive effect on improving the Airlines' compliance with the 7-day Federal requirement for issuing ticket refunds - America West (improved from 62 in November 1999 to 99 percent in March 2000), Northwest (59 to 99 percent), and United (24 to 88 percent). Also, as a result of the Commitment provision, we did find that the two Airlines had

implemented tracking systems to log the date received, in-process time, and date issued for each individual refund. In March 2000, our test show that:

- 10 Airlines were complying with both the 7-day and 20-day requirement 94 to 100 percent of the time.
- 4 other Airlines were complying with the 7-day requirement between 59 and 88 percent of the time, and between 79 and 97 percent of the time for the 20-day requirement.
- 2 non-ATA airlines were complying with the 7-day requirement between 61 and 97 percent of the time, and between 80 and 85 percent of the time for the 20-day requirement.
- 1 non-ATA airline's compliance with the Federal requirements could not be determined because it did not have a system in place that tracked the time the request for refund was received to the time the refund was issued. Consequently, we were not able to determine the processing time of refund requests for Test 2.

Lower and upper confidence limits, based on our statistical projections, are listed in the following table for each Airline.

Due to the low rate of compliance for one Airline, we provided our results to officials in DOT's Office of Aviation Enforcement and Proceedings to determine whether enforcement actions are warranted.

***Statistical Projections***  
***Percentage of Time the Refunds Were Issued on Time***

ATA Airline	7-day Requirement			20-day Requirement		
	Lower Limit	Sample Results	Upper Limit	Lower Limit	Sample Results	Upper Limit
Alaska	91	97	100	89	96	99
Aloha	89	95	99	92	98	100
American	91	97	100	91	97	100
American Trans Air	67	80	87	88	92	96
America West	93	99	100	97	100	100
Continental	97	100	100	97	100	100
Delta	87	94	98	97	100	100
Hawaiian	73	82	89	91	97	99
Midwest Express	48	59	69	90	90	90
Northwest	93	99	100	97	100	100
Southwest	97	100	100	97	100	100
Trans World	93	99	100	97	100	100
United	80	88	94	70	79	87
US Airways	93	99	100	91	97	100
<b>Non-ATA Airline</b>						
Frontier	91	97	99	63	80	96
National	48	61	73	85	85	85

**Contracts of Carriage** — In our review of the Airlines’ contracts of carriage, we found 13 Airlines have modified their contracts of carriage to issue refunds for eligible tickets within 7 business days for credit card purchases and 20 business days for cash purchases, and 1 Airline has not, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air	✓	
America West		✓
Continental	✓	
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

**Recommendation** — DOT’s Office of Aviation Enforcement and Proceedings strengthen its oversight and take appropriate enforcement action in cases of noncompliance.

## ***Properly Accommodate Disabled and Special Needs Passengers***

**What Was Promised** — The Airlines committed to disclose their policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner.

This provision is governed under a pre-existing Federal regulation and binding under the Airlines' contracts of carriage. *The requirements for accommodating persons with disabilities* are found in the Air Carrier Access Act of 1986 and in 14 CFR Part 382, Nondiscrimination on the Basis of Disability in Air Travel. Part 382 prohibits discrimination against passengers with disabilities by air carriers providing air transportation services. The Airlines' policies for accommodating disabled passengers are found in their Plans and contracts of carriage.

*The policies for handling special needs passengers*, such as unaccompanied minors, are found in the Airlines' Plans and contracts of carriage. The Airlines' Plans and contracts of carriage outline their obligations and liabilities to the parents or guardians of unaccompanied minors. The Airlines set age restrictions on who they will accept for transportation as an unaccompanied minor. Most air carriers charge a service fee, in addition to the cost of the ticket, for accepting transportation of an unaccompanied minor.

**What Was Not Promised** — This provision is all about disclosing policies and procedures for handling special needs passengers and for accommodating persons with disabilities. It does not require the Airlines to go beyond what is in the regulations for accommodating the disabled or in their contracts of carriage for handling special needs passengers.

**Complaint Data Reported by DOT** — For 1999, DOT's Air Travel Consumer Report shows the number of civil rights complaints by air travelers with disabilities increased more than 50 percent over the prior year, from 374 to 589. For 2000, civil rights complaints by air travelers with disabilities increased 14.8 percent over 1999, from 589 to 676.

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## **Final Observations: Airlines Must Continue to Focus on Air Travelers with Disabilities and Special Needs**

Of the 12 provisions, we found the Airlines disclosed more detailed information to passengers on this provision than on any other. All the Airlines had policies and procedures for accommodating the disabled and handling unaccompanied minors. Most relay this information to passengers through brochures and their reservation agents. We found this also to be true for the non-ATA airlines.

The Airlines' and non-ATA airlines' policies and procedures for accommodating persons with disabilities include, but are not limited to, (1) assistance with boarding and deplaning; (2) accommodation of special seating and meal requests; (3) accommodation of requirements of passengers traveling with service animals; (4) transportation of wheelchairs and similar devices; (5) sensitivity training; and (6) complaint resolution.

The Airlines' policies and procedures for handling unaccompanied minors include, but are not limited to, (1) the service fees charged by the Airlines; (2) age requirements for children traveling alone, generally ages 5 to 14; (3) parent and guardian responsibilities, at the originating and destination airports; and (4) Airline responsibilities including supervision and controls of minors, accountability of minors including documented hand-off from one employee to another, and positive identification of an authorized parent or guardian meeting the child at destination.

### **Our Test Results**

Although the Commitment provision only addressed disclosing an Airline's policies and procedures, we took steps to also determine if the Airlines and non-ATA airlines were properly handling disabled and special needs passengers. We tested the Airlines' and non-ATA airlines' compliance with selected aspects of 14 CFR 382, including training of Airlines' and non-ATA airlines' and sub-contract personnel in handling disabled passengers, appointments of Complaint Resolution Officers, and responsiveness and timeliness to special needs complaints. We also conducted observations in the airlines' handling of disabled passengers at 15 airports nationwide.



- In 381 observations, we found that the Airlines and non-ATA airlines were properly assisting disabled and special needs passengers during their time spent at the airport from checking in to boarding the plane.
- We also met with over 60 Complaint Resolution Officers and found that each one was knowledgeable on the requirements of 14 CFR 382, and their responsibilities under Part 382.
- We also reviewed training records for both Airline and non-ATA airline employees at 58 different stations and found they were providing training on accommodating persons with disabilities and special needs passengers.

In our review of the Airlines' and non-ATA airlines' responsiveness to complaints filed by air travelers with disabilities, we found, with one exception, that all the Airlines and non-ATA airlines were making a dispositive written response, within the required 30 days of receipt, to a written complaint alleging a violation of a provision of Part 382.

## Results From On-Line Survey

Through our Internet site, we made available an on-line survey for passengers to report how well the U.S. air carriers are accommodating the needs of air travelers with disabilities and special needs. We received 150 comments to our survey about the Airlines and in some cases a complaint covered more than 1 area. The complaint areas and number of complaints received for each are shown in the following table.

Complaint Area	Number of Complaints Received by Complaint Area
Boarding	48
Check-in	44
Arrival	37
In-flight	31
Pre-boarding	30
Reservations/ticketing	28
Connecting flights	23
Screening/security check points	18

Passengers frequently commented that the problems they encountered resulted from a lack of proper training instead of an intentional act by the employee. For example, in responses we received, the passengers reported:

- The Airline's employees insisted on disconnecting and removing the battery from the wheelchair, even though the passenger informed them it was a gel battery and did not need to be removed. The Airline's employees removed the battery, assuring the passenger an Airline employee at the destination airport would re-assemble the wheelchair upon arrival. Upon arrival at the passenger's destination, the wheelchair and disconnected battery were left on the jet bridge, and "no one could put it back together."
- Flight and boarding information that is announced at the gate is essentially unintelligible. The general overcrowding at airports, combined with the constant stream of announcements over the public address system, makes it impossible for a hearing impaired person to identify and understand relevant information. The passenger indicated there should be a closed caption readout for essential information at each gate regarding the status (including rows boarding) of each flight.

## **AIR-21 Mandates Investigations of Disability-Related Complaints**

The complexity and perspective of disabled or special needs passengers are of paramount importance in providing satisfactory service. Congress also felt this was a serious issue and incorporated provisions in AIR-21 requiring DOT to perform individual, comprehensive investigations of each disability-related complaint received. Complaints received by DOT regarding the treatment of disabled passengers have also increased. DOT received 676 complaints in 2000 up 14.8 percent from 1999. Over half (396 in 2000) of the complaints received by DOT related to an air carrier's failure to provide adequate or timely assistance. The next largest category, with 129 complaints, was seating accommodations. It is apparent from the comments we received, as well as the complaints received by DOT, that the Airlines cannot apply enough emphasis to this area. One Airline has attempted to better address the needs of disabled and special needs passengers by establishing an advisory council, which includes disabled individuals. Other air carriers should consider similar programs.

**Contracts of Carriage** — All Airlines disclosed in their contracts of carriage their policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner.

Airline	Included
Alaska	✓
Aloha	✓
American	✓
American Trans Air	✓
America West	✓
Continental	✓
Delta	✓
Hawaiian	✓
Midwest Express	✓
Northwest	✓
Southwest	✓
Trans World	✓
United	✓
US Airways	✓

However, we did find that Continental's contract of carriage did not include the provision from its Plan to not allow unaccompanied minors on Continental flights departing between the hours of 9:00 p.m. and 5:00 a.m. unless travel is on international flights, flights operating out of Honolulu, or domestic flights of 2 hours or less.

In addition, three Airlines (American Trans Air, America West, and Continental) did not fully describe in their contracts of carriage what types of assistance will be made available to passengers with disabilities and special needs (such as wheelchairs, lifts, ramps, on-board assistance with seating, etc.). We note that this information is described in their Customer Service Plans.

We also found five Airlines' contracts of carriage limited the Airlines' liability for damage to wheelchairs or other assistive devices. Title 14 CFR Section 382.43(b) states:

With respect to domestic transportation, the baggage liability limits of 14 CFR part 254 do not apply to liability for loss, damage, or delay concerning wheelchairs or other assistive devices. The criterion for calculating the compensation for a lost, damaged, or destroyed wheelchair or other assistive device shall be the original purchase price of the device.

We brought these five Airlines to the attention of DOT's Office of the Assistant General Counsel for Aviation Enforcement and Proceedings. That office notified the Airlines and corrective action was taken. Currently all the Airlines have revised their contracts of carriage to exclude wheelchairs or other assistive devices from the liability limit, or to remove any indication that the baggage liability limit applied to wheelchairs and other assistive devices.

**Recommendations** — *We would encourage the Airlines to continuously improve the services provided air travelers with disabilities and special needs, especially those services provided at the airport beginning with the check-in process, on to the passenger security screening process (especially for those air travelers in wheelchairs), and during the boarding process. Results from our on-line survey, although not statistically projected, indicate that customer service in those three areas needs special attention.*

*The Airlines should also consider establishing advisory councils, which include disabled individuals, to help better address the needs of air travelers with disabilities and special needs.*

## ***Meet Customers' Essential Needs During Long On-Aircraft Delays***

**What Was Promised** — The Airlines committed to make every reasonable effort to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns. Each Airline would prepare contingency plans to address such circumstances and would work with other air carriers and the airport to share facilities and make gates available in an emergency. The Airlines, for the most part, considered this to be a pre-existing operating policy, which has been part of the Airlines' policy since before the Commitment.

**What Was Not Promised** — The provision does not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. The provision uses general terms such as “food,” “an extended period of time,” and “emergency.” These terms are not defined and do not provide the passenger with a clear understanding of what to expect.

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### ***Final Observations: Passengers Still Do Not Know What to Expect and Do Not Feel Their Essential Needs Are Being Met During Long On-Aircraft Delays***

Accommodating passengers during long on-aircraft delays is a major customer service challenge Airlines face. To meet this challenge, the Airlines have invested in air stairs for deplaning passengers when an aircraft is delayed on the ground but does not have access to a terminal gate; secured additional food and beverage supplies for service at the departure gate or on aircraft that are experiencing extended delays; or made arrangements with medical consulting services to resolve medical emergencies that occurred on-board an aircraft.

However, as we reported in our Interim Report, ambiguities and inconsistencies still exist in the Airlines' terms and definitions of “essential needs” including terms such as “food,” “an extended period of time,” and “emergency.” For example, the Airlines have defined “extended period of time” to be from 45 minutes to 3 hours to some unspecified period of time depending on the situation. One Airline defines food as a high-energy bar, and another Airline says after 4 hours it will determine the feasibility of providing food service.

The improvements that have been made to meet passengers' essential needs during long on-aircraft delays, have been overshadowed by the continuing increases in long on-aircraft delays during 2000. For example, in 2000, taxi-out times (of 1 hour or more) increased almost 13 percent, with taxi-out times of 3 hours or greater increasing 26 percent (from 1,271 to 1,598) over 1999.

## **“Essential Needs” Terms and Definitions Are Ambiguous and Inconsistent**

The Commitment provision is stated in general terms such as “food,” “an extended period of time,” and “emergency.” At the time of our preliminary review, the Airlines’ Plans did not clearly define these terms and did not provide the passenger with a clear understanding of what to expect. Therefore, in our Interim Report, we recommended that the Airlines consider clarifying, in their Plans, what is meant by food, an extended period of time, and emergency, so passengers will know what they can expect during long on-aircraft delays. However, at the completion of our review in January 2000, the Airlines had still not clearly defined these terms or provided the passenger with a clear understanding of what to expect during long on-aircraft delays. Six Airlines included clarification in their internal policies, but these are not available to passengers.

In our review of the Airlines’ Plans and their internal operating policies, we found inconsistencies and ambiguities in the definitions for food, an extended period of time, and emergency. For example, the Airlines have defined “extended period of time” to be from 45 minutes to 3 hours to some unspecified period of time depending on the situation, as shown in the following table.

ATA Airlines	Definition of Extended Period of Time	Defined in the Plan	Defined in Internal Policy	Unspecified Policy
Alaska	90 minutes	✓		
Aloha				✓
American	3 hours		✓	
American Trans Air	1 hour	✓		
America West	1 hour		✓	
Continental	2 hours	✓		
Delta	45 minutes		✓	
Hawaiian	1 hour		✓	
Midwest Express	2 hours		✓	
Northwest	1 to 3 hours	✓		
Southwest				✓
Trans World				✓
United	90 minutes		✓	
US Airways				✓

Continental has qualified in its Plan that the 2-hour definition of an extended period of time does not apply when the delay is due to air traffic control. No other Airline has made such a distinction.

United is the only Airline to define in its Plans what is meant by food: high-energy bars. According to its Plans, Alaska will provide free liquor after a 1-hour delay on the aircraft, and American Trans Air provides beverages (non-alcoholic) after 1 hour and after 4 hours will determine the feasibility of providing food service. Also, based on our review of the Airlines' internal policies, the type of food provided on a long on-aircraft delay is generally left up to the flight crew and catering availability at that airport. Only one Airline (American) has pre-positioned snacks at its larger airports, including cheese and crackers, dried fruit, candy bars, and high-energy bars.

In their Plans, none of the Airlines define what is meant by an emergency, and only two Airlines provided clear and concise procedures on how they would accommodate their passengers during an emergency situation.

## **Contingency Planning Is Essential With Long On-Aircraft Delays on the Rise**

In our Interim Report, we reported that the Commitment provision does not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. Only two Airlines state in their Plans when they would return to the gate if an extended on-aircraft delay occurred. Also, during our initial visits to the Airlines, less than half of the Airlines had contingency plans in place at all the airports served for handling passengers during delays due to severe weather or Airline service irregularities (e.g., unscheduled equipment maintenance or crew shortages).

In general, the Airlines have left the decision on returning to the gate up to the flight crew. If the delay is due to air traffic control or weather, it may be a creeping delay, where the flight's estimated take-off time is being provided in increments; e.g., every 20 minutes the flight crew will update the passengers on the status of the delay. In most cases, the flight crew will wait for a take-off slot, unless there is an emergency. If an aircraft returns to the gate, it loses its place in line for take-off.

We found the Airlines now have customer service contingency plans in place. These contingency plans generally include procedures for handling delays, duties assigned to employees from various Airline operating departments involved in managing flight delays, contact numbers for all airport station managers and

airport authority personnel, equipment lists (air stairs, shuttle buses, etc.), and the availability of catering.

However, *only a few Airlines' contingency plans specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival.* This should be a top priority area for the Airlines when developing their contingency plans, especially with long on-aircraft delays on the rise, as shown in the table below.

**Percentage Increase in Long On-Aircraft Delays  
of 1 Hour or More from 1999 to 2000**

<b>Long On-Aircraft Delays Outbound Flights</b>	<b>1999</b>	<b>2000</b>	<b>Percentage Increase From 1999 to 2000</b>
1 hour but less than 2 hours	34,534	39,019	13
2 hours but less than 3 hours	4,984	5,376	8
3 hours but less than 4 hours	1,001	1,219	22
4 hours but less than 5 hours	240	300	25
5 hours and up	30	79	163
<b>Totals</b>	<b>40,789</b>	<b>45,993</b>	<b>13</b>

## **Initiatives Under Way to Remedy Long On-Aircraft Delays**

Over the past year, the prior Secretary of Transportation and FAA have announced several initiatives to address the increase in flight delays and cancellations. One such initiative was the Spring/Summer 2000 plan, which was designed to improve the flow of air traffic during severe weather. This plan included activities intended to improve communication between FAA and the air carriers, maximize the use of available airspace, and expand the use of new technology to help reduce delays. For example, FAA and air carrier staff held strategic planning teleconferences every 2 hours during the day to develop plans addressing conditions 2 to 6 hours into the future using a common weather forecast. Even though all Airlines participated, some were more active than others.

FAA's final assessment report of Spring/Summer 2000 was issued January 2001, and several issues and lessons learned have already emerged. Most notably, the experiences of last year clearly reinforced the need for full and open communication between FAA and the air carrier. FAA officials we interviewed said the Airlines received the most benefits when they fully embraced the collaborative planning process. Officials we interviewed from one Airline said the Spring/Summer 2000 initiative brought more predictability to the air traffic control system, which in turn allowed the Airline to better manage operations. One Airline official cited a reduction in the number of long taxi-out delays



(greater than 1 hour) his Airline experienced during the spring and summer of 2000 as evidence of the program's success. Our analysis of BTS data confirmed that this Airline did experience nearly 26 percent fewer flights with significant taxi-out times from April to October 2000 as compared to the same period in 1999 (from 2,673 to 1,986).

**Contracts of Carriage —** We found that 8 of the 14 Airlines have included, to some extent, in their contracts of carriage the Commitment provision to accommodate passengers during extended on-board delays, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental	✓	
Delta	✓	
Hawaiian		✓
Midwest Express		✓
Northwest*		✓
Southwest	✓	
Trans World	✓	
United	✓	
US Airways		✓

\* The Airline incorporated this provision into its contract of carriage after we completed our audit work on January 17, 2001.

However, among the eight Airlines that did incorporate this Commitment provision into their contracts of carriage, there are substantial differences in the essentials provided during an extended on-aircraft delay and what constitutes a long on-aircraft delay.

## Recommendations —

*Clarify, in their Plans, what is meant by an extended period of time and emergency, so passengers will know what they can expect during extended on-aircraft delays.*

*Ensure that comprehensive customer service contingency plans specify the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival.*

## ***Handle “Bumped” Passengers With Fairness and Consistency***

**What Was Promised** — The Airlines committed to disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked if, within the usual and ordinary scope of such employee’s work, the information is available to the Airline employee to whom the request is directed. Each Airline will also establish and disclose to the customer policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations.

In the air carrier industry, many customers make reservations and subsequently fail to travel, without notifying the air carrier. Consequently, air carriers overbook their scheduled flights, which means they take more reservations than there are seats. When more confirmed passengers than expected actually show up for a flight, it is “oversold,” and the air carrier must seek out passengers who are willing to give up their seats for compensation before bumping anyone involuntarily.

This provision is covered under pre-existing Federal regulations. Although disclosing to a passenger, upon request, whether a specific flight is overbooked could be considered a new policy, public disclosure of deliberate overbooking and boarding procedures has been a requirement for over 17 years under 14 CFR 250, Oversales. Under Part 250, air carriers are required to display a “Notice-Overbooking of Flights” at each airport check-in counter. The air carriers are also required to print the “notice” on the ticket, ticket jacket, or a separate piece of paper accompanying the passenger’s ticket.

Part 250 also *requires that air carriers establish and disclose* to the customer policies and procedures for managing the inability to board all passengers with confirmed reservations. Under Part 250, air carriers are required to ask passengers to give up their seats voluntarily in exchange for compensation. If there are not enough volunteers, the air carrier can involuntarily deny boarding (bump) passengers from the flight. Passengers “bumped” unwillingly are also entitled to compensation, except when the passenger has not met air carrier check-in rules or the air carrier arranges for the passenger to get to his or her destination within 1 hour of the passenger’s original flight. Part 250 also requires the air carrier to give all passengers who are involuntarily denied boarding a written statement explaining the terms, conditions, and limitations of denied boarding compensation, and describing the air carrier’s boarding priority rules and criteria.

**What Was Not Promised** — The provision only requires the Airlines to disclose whether a flight was *overbooked*; it does not require the Airlines to

disclose to a passenger, upon request, whether a flight is *oversold* and, if so, by how much. *An oversold flight occurs when more passengers holding confirmed reservations show up for the flight than there are seats available on the flight.* This puts the Airline in a denied boarding situation that can create frustration among the passengers.

**Consumer Data Reported By DOT** — In its Air Travel Consumer Report, DOT reports that, for the period January through September 2000, the rate of involuntary denied boardings was 1.04 per 10,000 passengers. The following table shows, by Airline, the rate of involuntary denied boardings per 10,000, ranging from .34 to 2.76.

***Passengers Denied Boarding by U.S. Airlines\****  
***January-September 2000***

<b>Airline</b>	<b>Voluntary Denied Boardings</b>	<b>Involuntary Denied Boardings</b>	<b>Enplaned Passengers</b>	<b>Involuntary Denied Boarding per 10,000</b>
Delta	172,546	2,675	77,988,654	.34
Northwest	82,574	1,739	40,374,668	.43
American	168,262	2,624	59,663,773	.44
US Airways	65,909	2,846	42,471,549	.67
America West	46,888	1,941	15,321,997	1.27
Continental	47,828	4,356	30,294,940	1.44
Alaska	26,620	1,572	10,244,180	1.53
United	91,362	9,643	58,805,953	1.64
Southwest	68,628	9,975	54,066,772	1.84
Trans World	50,762	5,310	19,262,621	2.76
<b>Totals</b>	<b>821,379</b>	<b>42,681</b>	<b>408,495,107</b>	<b>1.04</b>

\*U.S. Airlines with at least 1 percent of total domestic scheduled-service passenger revenues. Data are submitted to DOT on a quarterly basis. Fourth quarter data for 2000 were not available at the time of this report.

Also, involuntary denied boardings have increased over 15 percent from 1999 to 2000 (January through September) from 37,026 to 42,681. Voluntary denied boardings have also increased over 4.5 percent for the same period, from 785,445 to 821,379.

These data are self-reported by the Airlines and are not verified by DOT. However, the need for DOT to verify the reliability of the data submitted by the Airlines was demonstrated during 2000, when DOT learned that two Airlines' denied boarding statistics had been misreported. DOT instructed one Airline to adjust its statistics and submit to DOT the adjusted statistics. Based on the adjusted statistics, one Airline's ranking fell from number 3 to number 6 out of the 10 Airlines being ranked. The other Airline was not required to submit adjusted statistics; therefore, we could not determine whether its ranking had changed.

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## ***Final Observations: Federal Requirements Governing “Bumped” Passengers Need to Be Strengthened and Compensation Limits Need to Be Increased***

In testing this provision, we focused our efforts on the Airlines’ and non-ATA airlines’ compliance with 14 CFR Part 250 requirements. In our review of the Airlines’ and non-ATA airlines’ policies and procedures for handling “bumped” passengers, we found (1) inconsistencies in the Airlines’ boarding priority rules, such as check-in deadlines; (2) ambiguities in the Federal regulation governing air carriers’ boarding priority rules; (3) inconsistent compensation practices by two Airlines for passengers who voluntarily gave up their seats; and (4) inequities in the denied boarding compensation paid to passengers who get involuntarily “bumped.”

### **Inconsistencies Exist in the Airlines’ Check-In Requirements**

DOT’s requirement that the Airlines establish and disclose to the customer policies and procedures regarding denied boardings has been in effect for over 17 years. Check-in deadlines are considered part of the boarding priority rules, and under Federal regulations must be incorporated in the carriers’ contracts of carriage.

In our review of the Airlines’ and non-ATA airlines’ contracts of carriage, we found two types of check-in deadlines: one for release of a confirmed seat assignment and another for canceling a confirmed reservation. As shown in the following table, *inconsistencies in check-in deadlines exist* among the Airlines and non-ATA airlines for their domestic and international flights on when passengers must check-in in order to guarantee that their seat assignment and reservation will be honored. *There are also inconsistencies* in the Airlines’ and non-ATA airlines’ contracts of carriage for exactly where passengers need to check-in or be present in order to avoid losing a seat assignment or a confirmed reservation. For example, in their contracts of carriage, two Airlines state that the passenger must simply check in at the airport; seven Airlines and two non-ATA airlines state that the passenger must have checked in and be available for boarding; one Airline states the passenger must be aboard the aircraft; and another Airline states that the passenger must check-in with an agent at the ticket counter or gate.

***Inconsistencies in Airline and Non-ATA Airline  
Check-In Deadlines  
for Domestic and International Flights***

<b>Airline</b>	<b>Release of Seat Assignment Deadline (minutes)</b>		<b>Cancellation of Reservation Deadline (minutes)</b>	
	Domestic	International	Domestic	International
<b>ATA Airlines</b>				
Alaska	10	30	10	30
Aloha	15	N/A*	15	N/A
American	15	30	15	30
American Trans Air	20	30	20	30
America West	10	20	10	30
Continental	20	60	10	60
Delta	20	45	10	45
Hawaiian	15	N/A	15	N/A
Midwest Express	10	N/A	10	N/A
Northwest	15	60	10	60
Southwest	10	N/A	10	N/A
Trans World	10	20	10	20
United	20	45	10	30
US Airways	10	30	10	30
<b>Non-ATA Airlines</b>				
AirTran	10	N/A	10	N/A
Frontier	10	N/A	10	N/A
National	10	N/A	10	N/A

\*N/A The air carrier only operates domestic flights.

To avoid being bumped and to protect their rights to denied boarding compensation, passengers need to be aware of the check-in deadlines and the place to check-in for the Airline on which they are flying. This is especially important for passengers whose flights include a code-sharing arrangement between two Airlines (e.g., Continental and Northwest), where check-in deadlines and place to check-in are not the same for both Airlines.

Also, a passenger making connections is at particular risk of being bumped from a connecting flight because of the time it takes to get to the connecting flight after arriving at the connecting airport. However, there is no requirement that air carriers' disclose their policies on how check-in deadlines apply to passengers making connections to avoid being bumped and to protect their rights to denied boarding compensation.

**Recommendation** — *Petition DOT to amend its regulation to establish a uniform check-in deadline as to time and place, and require all air carriers to disclose in their contracts of carriage and ticket jackets their policies on how check-in deadlines apply to passengers making connections.*

## Ambiguities Exist in DOT's Requirements Governing Airlines' Boarding Priority Rules

According to 14 CFR 250.3, every air carrier will establish priority rules and criteria for which passengers will be involuntarily “bumped” on oversold flights. These criteria take effect only after the air carriers have requested passengers to voluntarily relinquish their seats. Part 250.3 further states:

Such rules and criteria shall not make, give, or cause any undue or unreasonable preference or advantage to any particular person or subject any particular person to any unjust or unreasonable prejudice or disadvantage in any respect whatsoever.

However, there are ambiguities in the terms “any undue or unreasonable preference or advantage” and “unjust or unreasonable prejudice or disadvantage.” DOT, in Part 250.3, provides no clear explanation on what these terms mean. We make this point because not all the Airlines have boarding priority rules based on the passengers’ check-in times, which are used to determine whether passengers are entitled to denied boarding compensation.

Boarding priority rules for 11 of the 14 Airlines and the 3 non-ATA airlines state that passengers will be “bumped” based on reverse order of check-in (last to check-in is first to be “bumped”). The other three Airlines have *boarding priority criteria* for “bumping” passengers based on fare paid or frequent flyer status. For example, in its contract of carriage, one Airline established boarding priority rules for determining which passengers will be denied on an oversold flight as follows:

Passengers holding tickets for confirmed space in the forward compartment (First Class or Business Class) will be accommodated before passengers holding tickets, or tickets and boarding passes, for confirmed reserved space in the rear compartment(s) (Full Fare Coach or Business Class). If more passengers hold tickets for confirmed reserved space in the forward compartment than the capacity of that compartment, such passengers will be accommodated in the rear compartment(s) ahead of passengers holding tickets, or tickets and boarding passes for confirmed reserved space in the rear compartment(s).

**Recommendation** — DOT clarify “fairness and consistency” by defining and providing examples of what it considers to be “any undue or unreasonable preference or advantage” and “unjust or unreasonable prejudice or

*disadvantage” in air carrier priority rules or criteria for involuntarily bumping passengers.*

## **Inconsistent Compensation Practices Exist for Passengers Who Voluntarily Gave Up Their Seats**

The Airlines committed to *handle “bumped” passengers with fairness and consistency.* This implies that for every flight the Airlines have oversold, passengers denied boarding, voluntarily or involuntarily, will be treated fairly and consistently when the amount of compensation is offered.

In reviewing the Airlines’ and non-ATA airlines’ compensation to passengers on oversold flights, we found 12 of 14 Airlines and all 3 non-ATA airlines were providing equal amounts of compensation to passengers who volunteered to relinquish their seats. However, two Airlines treated passengers who volunteered to relinquish their seats differently, paying some passengers more than others on the same flight. One Airline’s Plan states: “Volunteers who give up their seats to other customers will be compensated equally on the same flight.” However, on 7 of 35 sampled oversold flights we reviewed for that Airline, the passengers who voluntarily relinquished their seats did not all receive the same amount of compensation. On one flight, four volunteers each received a \$350 travel voucher while seven volunteers each received a \$400 travel voucher.

**Recommendation** — *Airlines who hold out that “volunteers who give up their seats to other customers will be compensated equally on the same flight” should ensure that all volunteers on the same flight are compensated equally.*

## **Denied Boarding Compensation Paid to Passengers Who Get Involuntarily “Bumped”**

Currently, under Part 250, if a passenger is involuntarily “bumped” and delayed less than an hour, the passenger is not entitled to any compensation. If the passenger is delayed between 1 and 2 hours, the passenger can receive 100 percent of the cost of the remaining ticket to the destination but not more than \$200. If the delay is more than 2 hours, the passenger can receive 200 percent of the cost of the remaining ticket but not more than \$400. In each case, the air carrier arranges to get the passenger to his or her destination. Also, instead of cash, the air carrier can offer the passenger free or reduced air transportation of equal or greater value than the amount of the cash compensation. Maximum compensation amounts for passengers who are involuntary denied boarding have been in effect since 1978, and have not been adjusted since.

We found that because of the limitations placed on involuntary denied boarding compensation, most of the time passengers who get involuntarily “bumped” are compensated equal to or less than passengers who voluntarily relinquish their seats. For example, our review of 89 oversold flights (with 472 passengers who voluntarily relinquished their seats and 334 passengers who were involuntary denied boarding) found that on 74 (83 percent) of the 89 oversold flights, passengers who were involuntarily denied boarding received compensation amounts equal to or less than those passengers who voluntarily relinquished their seats. For example:

- On one flight, five passengers who voluntarily relinquished their seats were compensated with free round-trip tickets, while one passenger on the flight who was involuntarily denied boarding received no compensation. This occurred because the Airline was able to get the bumped passenger to his destination within 1 hour of the original scheduled arrival time. The Airline was also able to get the other passengers to their destination within 1 hour of their original scheduled times.
- One passenger who voluntarily relinquished his seat was compensated with a \$500 travel voucher, while seven passengers on the flight who were involuntarily denied boarding received no compensation. This occurred because the Airline was able to get the seven passengers to their destinations within 1 hour of their original scheduled arrival times. The other passenger also arrived within 1 hour of the original scheduled time.

Since the existing maximum compensation levels have not been adjusted since 1978, denied boarding compensation is inadequate to redress the inconvenience and distress often resulting from being involuntarily “bumped.” The Senate also recognized oversold flights resulting in passengers being involuntarily bumped as an unacceptable practice that DOT should rectify. Under Section 354 of Public Law 106-69, Department of Transportation and Related Agencies Appropriations Act, 2000, the Senate opined:

. . . that the Secretary should expeditiously amend Title 14, Chapter II, Part 250, Code of Federal Regulations, so as to double the applicable penalties for involuntary denied boardings and allow those passengers that are involuntarily denied boarding the option of obtaining a prompt cash refund for the full value of their airline ticket.

The intent of this sense-of-the-Senate amendment was to encourage the airlines to act more responsibly, by allowing passengers who are involuntarily bumped to receive greater amounts of compensation for the airline’s overbooking practices.



The goal is to hold “the airlines accountable when they put profits ahead of friendliness and respect for their customer.”

Another remedy for the *inequalities in the system for compensating passengers who get involuntarily “bumped”* would be to inform all passengers of the denied boarding compensation rules prior to requesting volunteers. Currently, under Part 250, airlines are required to provide involuntarily bumped passengers a written explanation of denied boarding compensation and boarding priority rules *after the denied boarding occurred*.

**Recommendations** — *Petition DOT to amend its compensation rules so as to increase the applicable penalties for involuntary denied boardings. Also, the Airlines disclose orally to passengers what the Airline is obligated to pay involuntarily bumped passengers in advance of making offers to passengers who voluntarily relinquish their seats.*

**Contracts of Carriage** — There are two elements to this Commitment provision. First, as a pre-existing contract term required by Federal regulations, all the Airlines must disclose in their contracts of carriage the policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations. Therefore, no changes to the Airlines’ contracts of carriage were necessary.

Second, the provision to disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked was *new*, and seven Airlines included it in their contracts of carriage. The Airlines’ inclusion of this element in their contracts of carriage is shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha		✓
American		✓
American Trans Air		✓
America West		✓
Continental		✓
Delta	✓	
Hawaiian		✓
Midwest Express		✓
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

## ***Disclose Travel Itinerary, Cancellation Policies, Frequent Flyer Rules, and Aircraft Configuration***

**What Was Promised** — Airlines committed to disclose to the customer: (1) any change of aircraft on a single flight with the same flight number (referred to as “change of gauge”); (2) cancellation policies involving failures to use each flight segment coupon; (3) rules, restrictions and an annual report on frequent flyer program redemptions; and (4) upon request, information regarding aircraft configuration, including seat size and pitch. Seat pitch is the distance from a point on one seat to the same point on the seat in front of it and is an indication of the amount of legroom between rows of seats.

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### ***Final Observations: Airlines’ Disclosure Practices Under This Provision Were, With a Few Exceptions, Generally Effective***

Information on the items covered under this Commitment provision is readily available through the Airlines’ and non-ATA airlines’ Internet sites. Browsing the Airlines’ and non-ATA airlines’ Internet sites, consumers should be able to find (1) frequent flyer program rules and restrictions, and how to enroll in the Airlines’ and non-ATA airlines’ frequent flyer programs; (2) those flights with a change of gauge; (3) cancellation policies involving failures to use each flight segment coupon; and (4) aircraft configuration, including seat size and pitch.

Also, when contacting the Airlines and non-ATA airlines through their telephone reservation systems, we found, with a few exceptions, that the information provided by the reservation agents regarding change of gauge flights, cancellation policies, and aircraft configuration was always complete, accurate, or readily known.

However, Airline and non-ATA airline information on frequent flyer mileage redemptions was not readily available and was very limited in the type and amount of information provided. Consequently, the information had little value to the consumer for purposes of determining which frequent flyer program to enroll in based on the percentage of successful redemptions and frequent flyer seats made available in the Airlines’ top origin and destination markets. This is also true for existing frequent flyer program members.

## Annual Report on Airlines' Frequent Flyer Award Redemptions Has Limited Value to the Consumer

Frequent flyer programs have been in existence for at least 20 years, and the programs allow members to earn mileage for free travel with dozens of participating companies, such as rental car agencies and hotel chains. As such, disclosure of frequent flyer rules and restrictions is considered a pre-existing operating policy for the Airlines with frequent flyer programs.<sup>26</sup> Information on frequent flyer programs is readily available through several distribution outlets including the Airlines' Internet sites, city ticket offices, and airport ticket check-in counters and gates. The commitment to publish an annual report on frequent flyer award redemptions is *new*, but only requires the Airlines to report the total awards redeemed.

When testing disclosure rules and restrictions on the Airlines' frequent flyer programs, we enrolled on-line through their Internet sites and within a few weeks, received in the mail all the appropriate information about their frequent flyer programs' rules and restrictions. However, we were not as successful in obtaining information on the Airlines' frequent flyer mileage redemptions. We found that, for all the Airlines, the information on frequent flyer mileage redemptions was not readily available, was limited in the quantitative data provided, and had little value to the consumer.

The Commitment provision only identifies *how* redemptions will be disclosed, in *an annual report*. However, with the exception of three Airlines, the Plans did not explain *when or where* the annual report would be available to the consumer. Three Airlines stated in their Plans that they will provide redemption information in their annual submission to the Securities and Exchange Commission (10K report), which will be made available to the public.

Our review of the three Airlines' 10K reports found that the redemption information was not easy to find because it was buried deep within the report. For example, one Airline in its 10K report states: "Nonrevenue FlightFund travel accounted for 3.2 percent, 3.5 percent, and 3.2 percent of total revenue passenger miles for the years ended December 31, 1999, 1998, and 1997, respectively." However, without providing the total revenue passenger miles, consumers cannot convert the percentage into the frequent flyer passenger miles flown.

In our review of redemption information on another Airline's Internet site, the Airline reports that 3,244,900 awards were claimed in 1999. However, for consumers or members of its frequent flyer programs, little can be gleaned from

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<sup>26</sup> At the time of our testing, American Trans Air and Frontier did not have frequent flyer programs.

this information on the percentage of successful redemptions in total or the percentage of successful redemptions for one of the its top origin and destination markets (e.g., Dallas to New York).

The information now provided regarding the frequent flyer mileage redemptions has marginal value to the consumer for purposes of determining which frequent flyer program to enroll in based on the percentage of successful redemptions and frequent flyer seats made available in the Airlines' top origin and destination markets.

### **Information on the Airlines' Change of Gauge Flights, Cancellation Policies and Aircraft Configuration Was Disclosed During Our Tests**

**Nearly All Airlines Were Disclosing Change of Gauge Flights.** Title 14 CFR Part 258, Disclosure of Change of Gauge Services, requires air carriers to disclose to passengers, traveling on a single flight number, if they will be required to change planes during the flight. Part 258 requires the air carriers to inform the consumer that there is a change of gauge in the itinerary before the reservation is made. Some passengers, such as persons with disabilities or who otherwise are not disposed to make a connection, prefer to book on flights without a change of aircraft. However, passengers could incorrectly assume that if they are traveling on a single flight number they will not be required to change planes. Single flight numbers are typically used for an originating domestic to international destination or the return (e.g., San Francisco to Chicago to Paris).

Change of gauge is not standard practice among the Airlines. In fact, at the time of our testing, only six Airlines (American, American Trans Air, Continental, Delta, Northwest and United) had change of gauge flights, with fewer than 15 flights each. To determine whether the Airlines were in compliance with Federal requirements for *disclosing flights with change of gauge*, we (1) reviewed the Airlines' published timetables available to the traveling public at airports and city ticket offices, (2) browsed the electronic flight schedules posted on the Airlines' Internet sites, and (3) made reservations through the Airlines' telephone reservation systems. For each area tested, we limited our testing to 5 flights for each of the 6 Airlines, for a total of 30 flights tested, and found that:

- 4 Airlines had "flagged" in their published timetables their change of gauge flights 100 percent of the time, while 2 Airlines' change of gauge flights had not been "flagged."

- 4 Airlines had “flagged” in their electronic timetables posted on their Internet sites their change of gauge flights 100 percent of the time, while the other 2 Airlines’ change of gauge flights were “flagged” 67 percent and 80 percent of the time.
- 2 Airlines’ telephone reservation agents disclosed that the flight had a change in aircraft 100 percent of the time.
- 4 Airlines’ telephone reservation agents disclosed that the flight had a change in aircraft 80 percent or less of the time.

Results of our tests are shown in the following table.

***Percentage of Time Information on Change of Gauge Flights Was Disclosed in the Airlines’ Published Timetables, Internet Sites, and by the Telephone Reservation Systems’ Agents***

ATA Airlines	Disclosed in Published Timetables	Disclosed in Electronic Timetables on the Internet	Disclosed by the Airlines Telephone Reservation Agents
American	100%	80%	60%
American Trans Air	100%	100%	80%
Continental	100%	100%	100%
Delta	100%	67%	20%
Northwest	0%	100%	20%
United	0%	100%	100%

**Nearly All Airlines Were Disclosing Cancellation Policies.** We found that all Airlines and non-ATA airlines posted their *cancellation policies involving failure to use each flight segment coupon* on their Internet sites, in their contracts of carriage, on their ticket jackets, and in other written documents, such as the customer’s receipt and itinerary for electronic tickets. Also, when we made a reservation through the Airlines’ and non-ATA airlines’ telephone reservation systems, nearly all the reservation agents disclosed their respective policies *involving failure to use each flight segment coupon*. We placed 5 calls to the telephone reservations systems of each Airline and non-ATA airline and found that:

- 11 of 14 Airlines and 2 of 3 non-ATA airlines provided us information about *failure to use each flight segment coupon* 100 percent of the time.
- 3 Airlines and 1 non-ATA airline provided us information about *failure to use each flight segment coupon* 80 percent or less of the time.

The requirement for disclosing cancellation policies involving failure to use each flight segment coupon is found in the Airlines' and non-ATA airlines' contracts of carriage as required by 14 CFR 253.5. According to their contracts of carriage, the Airlines, with one exception, and the three non-ATA airlines will cancel continuing and return reservations without notice if the customer fails to board any leg of a flight on which the customer holds a reservation.

To illustrate, a passenger originating a round-trip itinerary at Atlanta's Hartsfield International Airport destined for Seattle via Salt Lake City gets off the plane in Salt Lake City and does not board the flight to Seattle. A day or so later, the passenger checks in at Salt Lake City for the return to Atlanta's Hartsfield. The passenger has 2 unused coupons – Salt Lake City to Seattle and Seattle to Salt Lake City. A passenger might wish to do this if the round-trip fare to Seattle were cheaper than the round-trip fare to Salt Lake City. Under the Airlines' policy, the Airlines will cancel the passenger's reservation for the return trip, once the passenger did not board the Salt Lake City to Seattle flight.

Passengers can be put in this situation even if their original intention was to board all flights. For example, a passenger originating a round-trip itinerary in San Francisco destined for Charlottesville, Virginia, via Washington Dulles might choose to drive to Charlottesville when, upon arrival at Dulles, he or she finds the connecting flight is delayed several hours. If the passenger drives to Charlottesville and does not secure the Airline's concurrence that this is an acceptable deviation, the return reservation may be canceled.

**Nearly All Airlines Were Disclosing Seat Size and Pitch.** The Airlines committed to disclose, upon request, information regarding aircraft configuration, including seat size and pitch. When making a reservation through the Airlines' and non-ATA airlines' telephone reservation systems, we queried the reservation agents about seat size and pitch. We placed 5 calls to the telephone reservations systems of each Airline and non-ATA airline and found that:

- 13 of 14 Airlines provided us information about seat size and pitch at least 80 percent of the time, with 9 Airlines providing this information 100 percent of the time.
- 2 of 3 non-ATA airlines provided us information about seat size and pitch 100 percent of the time.
- 1 Airline and 1 non-ATA airline provided information about seat size and pitch 60 percent or less of the time.

Results of our testing are shown in the following table.

***Percentage of Time the Seat Size and Pitch Was Disclosed When Making a Reservation Over the Airlines' Telephone Reservation Systems***

<b>ATA Airlines</b>	<b>Seat Size and Pitch Disclosed by Reservation Agents</b>
Alaska	80%
Aloha	100%
American	100%
American Trans Air	80%
America West	60%
Continental	100%
Delta	100%
Hawaiian	80%
Midwest Express	100%
Northwest	100%
Southwest	100%
Trans World	100%
United	100%
US Airways	80%
<b>Non-ATA Airlines</b>	
AirTran	20%
Frontier	100%
National	100%

**Contracts of Carriage** — As described below and illustrated in the following table, our review of the Airlines' contracts of carriage found that:

- The provision to disclose change of gauge flights was included in contracts of carriage for six of the eight Airlines that operated change of gauge flights.
- The provision to disclose cancellation policies involving failure to use each flight segment coupon was included in all the Airlines' contracts of carriage. This is a pre-existing contract of carriage term required by 14 CFR 253.5.
- The provision to disclose rules, restrictions and information on frequent flyer program redemptions was included in contracts of carriage for nine Airlines and not for the other four Airlines that had frequent flyer programs.
- The provision to disclose to customers, upon request, information regarding aircraft configuration, including seat size and pitch, was included in contracts of carriage for nine Airlines and not for the other five Airlines.

ATA Airlines	Will Disclose Flights With Change of Gauge	Will Disclose Cancellation Policies	Will Disclose Frequent Flyer Rules, Restrictions and Award Redemptions	Will Disclose Aircraft Configuration
Alaska	n/a	✓	✓	✓
Aloha	n/a	✓	✓	✓
American	✓	✓		✓
American Trans Air		✓	*	
America West	n/a	✓		
Continental		✓		
Delta	✓	✓	✓	✓
Hawaiian	n/a	✓		
Midwest Express	✓	✓	✓	✓
Northwest	✓	✓	✓	✓
Southwest	n/a	✓	✓	✓
Trans World	✓	✓	✓	✓
United	✓	✓	✓	✓
US Airways	n/a	✓	✓	

n/a Airline currently does not operate change of gauge flights

✓ Included in contract of carriage.

\* American Trans Air does not have a frequent flyer program.

**Recommendation** — *Petition DOT to require that each air carrier with a frequent flyer program make available to the public a more comprehensive report of frequent flyer redemption information in their frequent flyer literature and annual reports, such as the percentage of successful redemptions and frequent flyer seats made available in the Airlines' top origin and destination markets.*



## ***Ensure Good Customer Service From Code-Share Partners***

**What Was Promised** — The Airlines committed to ensure that domestic code-share partners (code-share partner) make a commitment to provide comparable consumer plans and policies. At the time of our review, the three non-ATA airlines did not have code-share partners.

**What Was Not Promised** — With the exception of accommodating persons with disabilities,<sup>27</sup> the terms of this provision do not extend to foreign code-share and alliance partners (e.g., Star Alliance and One World).

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### ***Final Observations: This Provision Should Ensure Passengers Get Comparable Service for Travel on Domestic Code-Share Partners***

This provision basically applies only to those domestic code-share partners who provide air transportation to smaller markets for the Airlines. For those code-share partners that are wholly owned or part of the same holding company (such as American/American Eagle), the Airlines required these code-share partners to adopt their customer services plans, and have reflected this in their Plans or contracts of carriage. The Airlines' procedures for ensuring their code-share partners adhere to the Commitment include (1) having the partners develop their own compatible customer service plan, (2) conducting training sessions for the code-share partner in conjunction with the Airline, and (3) monitoring code-share customer service performance through periodic reviews and independent audits. If these three areas are properly executed, passengers on the Airlines' domestic code-share partners can expect the same level of customer service provided by the Airlines.

### **The Extent of Code-Share Partnering Varies Among Airlines**

All of the Airlines except Southwest have some form of code-share service. Southwest does not have code-share partners nor does it own another airline. As shown in the following table, 8 of the 13 Airlines have at least 1 code-share

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<sup>27</sup> On June 1, 2000, the DOT notified foreign air carriers serving the United States that they are now subject to the Air Carrier Access Act, which protects passengers with disabilities. The Secretary stated "This new provision ensures that people with disabilities will have the same protections when flying on foreign carriers to and from the United States that they have enjoyed on U.S. airlines."

partner, 8 of the 13 Airlines have a code-share partner that is a wholly owned subsidiary, and 8 of the 13 Airlines code-share with another Airline (e.g., Continental and Northwest).

Airline	Domestic Code-Share Partner	Wholly Owned Subsidiary	ATA-Member Code-Share Partners
Alaska	✓	✓	✓
Aloha		✓	
American		✓	✓
American Trans Air		✓	
America West	✓		✓
Continental	✓	✓	✓
Delta	✓	✓	
Hawaiian			✓
Midwest Express		✓	✓
Northwest	✓		✓
Trans World	✓		
United	✓		✓
US Airways	✓	✓	

## **The Airlines Handle Most of the Customer Service Functions for Their Code-Share Partners**

The Airlines handle most of the customer service functions covered under the Commitment for their code-share partners. These functions can include reservations, ticketing, checked baggage, lost baggage claims, ticket refunds, frequent flyer programs, and complaint handling. Therefore, customers on the Airlines' code-share partners can expect the same level of customer service provided by the Airlines under these Commitment provisions.

For example, American handles, among other things, all reservations for American Eagle. When a customer calls American's telephone reservation system and makes a reservation involving an American Eagle flight, the customer can expect that the American telephone reservation agent will quote the lowest fare available for that flight operated by American Eagle. Also, as required by Federal regulations, American's telephone reservation agent will tell the customer, before booking the reservation, that the flight is being operated by American Eagle and not American. Also, when a customer requests a refund on a refundable ticket for a US Air Express flight, US Airways should process the refund within 7 business days for a credit card purchase and 20 business days for a cash purchase as required by Federal requirements.

## **All Airlines Have Taken Additional Steps to Ensure Code-Share Partners Provide Comparable Customer Service**

The Airlines committed to ensure that code-share partners make a commitment to provide comparable consumer plans and policies. For those code-share partners that are wholly owned or part of the same holding company, the Airlines required these code-share partners to adopt their customer services plans, and have reflected this in their Plans or contracts of carriage. For those code-share partners that are not wholly owned or part of the same holding company, the Airlines required their code-share partners to adhere to the requirements of the Airlines' Plans through letters of agreement or memorandums of understanding. This should help assure passengers with travel arrangements on smaller carriers associated with the Airlines that there should be no difference in customer service, no matter the size of the carrier.

Also, as seen in the following table, six of the eight Airlines have taken additional measures to monitor code-share customer service by developing and executing partial or complete reviews of their code-share partners' customer service. Two of the eight Airlines had developed review procedures, but as of December 31, 2000, had not conducted any reviews of their code-share partners' customer service.

<b>Airline</b>	<b>Status</b>
Alaska	Monthly meeting with partners to include Commitment Plan. Audits code-share's reservations for disclosure of whether it is a code-share flight.
America West	Routine training with partners on Plan as both have identical operating policies and procedures. Audits reservations and ground operations through unannounced calls and observations.
Continental	Developed and uses an audit evaluation program.
Delta	Monitors all facets of partner's operations; however, plans to conduct more thorough operational audits.
Northwest	Had an independent firm perform an audit.
Trans World	Established review procedures. Review pending.
United	Assembled a quality assessment team, and has audited all provisions of the Commitment.
US Airways	Established review procedures. Review pending.

## **Limited Testing Found the Airlines' Code-Share Partners Need to Do Better in Notifying Passengers of Known Delays**

Since the Airlines handle most of the customer service functions covered under the Commitment for their code-share partners, such as reservations, ticketing, checked baggage, lost baggage claims, ticket refunds, frequent flyer programs, and complaint handling, all of our tests in these areas were tests of the Airlines at their corporate facilities and airports. However, at a few of the airports we visited, we

conducted limited testing of the Airlines' code-share partners under the Commitment provision for notifying passengers of known delays and cancellations.

Overall, our test results found that the level of performance by Airlines' domestic code-share partners (wholly owned or not ) in notifying passengers of known delays and cancellations was near or below the Airlines' level of performance in this area. For example, gate agents for one of American's code-share partners (wholly owned) were providing information about the delay, including the cause, to the passengers 53 percent of the time compared to 67 percent of the time for gate agents of the American. In another example, gate agents for US Airways code-share partners (combination of wholly owned and not wholly owned) were making timely announcements regarding the status of the delay 83 percent of the time compared to 87 percent for gate agents of the US Airways. The Airlines need to make more frequent and comprehensive reviews of the code-share partners and share the results of their reviews with their code-share partners. Doing this should reinforce the importance to the code-share partners of notifying passengers (who are also customers of the Airlines) of known delays.

**Contracts of Carriage** — In our review of the Airlines' contracts of carriage, we found that the Commitment provision to ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies was included in eight Airlines' contracts of carriage and not included in five Airlines' contracts of carriage, as shown in the table below. This provision does not apply to Southwest since it does not have any code-share partners.

Airline	Included	Not Included
Alaska		✓
Aloha	✓	
American	✓	
American Trans Air	✓	
America West		✓
Continental		✓
Delta	✓	
Hawaiian		✓
Midwest Express		✓
Northwest	✓	
Southwest	n/a	
Trans World	✓	
United	✓	
US Airways	✓	

**Recommendation** — *The Airlines that have not already done so should conduct annual internal audits of their code-share partners' compliance with the Commitment.*

## ***Be More Responsive to Customer Complaints***

**What Was Promised** — The Airlines committed to assigning a Customer Service Representative responsible for handling passenger complaints and ensuring that all written complaints are responded to within 60 days. We consider this a pre-existing operating policy: all Airlines already had staff designated to handle complaints, and the majority of Airlines had internal policies requiring substantive responses to complaints in less than 60 days.

**What Was Not Promised** — The provision requires the Airlines to respond to complaints within 60 days; it does not require resolution of the complaint within the 60-day period, nor that when resolved, the disposition will be satisfactory to the customer.

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### ***Final Observations: Responses to Customer Complaints Were Timely and Substantive***

The Airlines have demonstrated they are taking this provision seriously. Nearly all the Airlines and non-ATA airlines were providing a substantive response to a complaint within 30 days. However, a substantive response to a customer did not mean the resolution was always in favor of the customer or that the customer would be satisfied with the response.

### **Nearly All the Airlines and Non-ATA Airlines Responded to Complaints Within 60 Days**

To measure compliance with the 60-day response time, and so that we were consistent in our testing of each Airline, we selected complaints processed in March 2000. For the non-ATA airlines, we selected complaints processed in July 2000, instead of March 2000, because at the time we tested these airlines, the complaints processed in March 2000 were not available for review.

Our sample test results show that:

- For March 2000, 13 of 14 Airlines were responding to complaints within 60 days at least 90 percent of the time.
- For July 2000, 2 of 3 non-ATA airlines were responding to complaints within 60 days at least 88 percent of the time.

Lower and upper confidence limits, based on our projections, are listed in the following table for each Airline and non-ATA airline.

***Statistical Projections***  
***Percentage of Time the Response Was Provided Within 60 Days***

<b>Airline</b>	<b>Lower Limit</b>	<b>Sample Results</b>	<b>Upper Limit</b>
Alaska	91	97	99
Aloha*	n/a	61	n/a
American	97	100	100
American Trans Air	88	96	99
America West	83	100	96
Continental	85	93	97
Delta	97	100	100
Hawaiian	97	100	100
Midwest Express	97	100	100
Northwest	97	100	100
Southwest	96	100	100
Trans World	97	100	100
United	89	96	99
US Airways	97	100	100
<b>Non-ATA Airline</b>			
AirTran	79	88	94
Frontier	97	100	100
National*	n/a	74	n/a

\*We were unable to project sample results at a 90 percent confidence level.

## **The Number of Air Traveler Complaints Submitted to DOT Is Significantly Less Than the Number of Complaints Received by the Airlines**

In its monthly Air Travel Consumer Report, DOT reports air traveler complaints in categories, which are also typical of how the Airlines capture and report complaint data internally. In its monthly report, DOT rates the Airlines' performance (1 to 10, with 10 being the worst) based on the number of complaints received per 100,000 enplanements. However, these ratings are not useful because the complaint numbers being reported and used in the calculation for the ratings are not representative of the complaints actually received by the Airlines.

DOT-reported data are based solely on air travelers' complaints made directly to DOT's Aviation Consumer Protection Division, not on complaints sent only to the Airlines. Therefore, DOT's Air Travel Consumer Report does not reflect the true number of complaints to the Airlines, nor does it reflect the comparative rankings of the Airlines based on all air travelers' complaints. For example, the number of complaints received by one Airline was almost 79 times the number of complaints reported by DOT for that same Airline (25,556 versus 325).

In our review of the Airlines' complaint data for November 1999 and March 2000, we found that the number of complaints the Airlines received from air travelers was significantly higher than the number of complaints submitted by air travelers to DOT's Aviation Consumer Protection Division. For example, in the May 2000 report (for the period March 2000), DOT reported a total of 1,352 complaints for the 10 major Airlines, compared to 82,587 customer complaints received by the same 10 Airlines (that equates to 61 times the number of complaints submitted to DOT).

**Contracts of Carriage** — In our review of the Airlines' contracts of carriage, we found that 12 Airlines included, and 2 Airlines did not include, the Commitment provision to respond to complaints within 60 days, as shown in the table below.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental	✓	
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

**Recommendation** — *We are making no recommendations regarding this Commitment provision.*

